IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS
OF ENGLAND AND WALES
INSOLVENCY AND COMPANIES LIST (ChD)
[2022] EWHC 3047 (Ch)

No. CR-2021-002370

7 Rolls Buildings
Fetter Lane
London, EC4A 1NL

Thursday, 3 November 2022

Before:

MR JUSTICE MILES

IN THE MATTER OF ZURICH INSURANCE PUBLIC LIMITED COMPANY

- and -

IN THE MATTER OF ZURICH INSURANCE COMPANY LTD

- and -

IN THE MATTER OF THE FINANCIAL SERVICES AND MARKETS ACT 2000

_____

MR M. MOORE KC (instructed by Slaughter and May) appeared on behalf of both Companies.

_____

J U D G M E N T

MR JUSTICE MILES:

1 This is an application by a Part 8 claim form issued on 18 May 2022 by Zurich Insurance Public Limited Company ("ZIP"), a company incorporated in the Republic of Ireland, and Zurich Insurance Company Ltd ("ZIC"), a company incorporated in Switzerland, seeking an order under s.111(1) of the Financial Services and Markets Act 2000 ("FSMA") sanctioning an insurance business transfer scheme ("the scheme") which effects the transfer of, in broad terms, the whole of the UK branch of ZIP to the UK branch of ZIC. The reason for the scheme is the departure of the United Kingdom from the European Union ("Brexit").

2 I have read the skeleton argument submitted by Mr Moore KC on behalf of the parties and also a number of witness statements and reports. These include a report by the independent expert, Ms Kate Angell, dated 7 June 2022 and a supplementary report dated 25 October 2022. I have read the first witness statement of Mr O'Neill, dated 17 May 2022; the first statement of Ms Martin, dated 17 May 2022;; a third witness statement of Mr O'Neill made on 26 October 2022; a second statement of Ms Martin, also made on 26 October 2022; the first statement of Mr Keppel made on 26 October 2022; and the second statement of Mr Keppel dated 2 November 2022. I have also read the first report of the PRA and the first report of the FCA, both dated 8 June 2022; and the second reports of the PRA and the FCA, both dated 1 November 2022.

3 I have already mentioned Ms Angell. Section 109 of FSMA provides that:

> "(1) An application under section 107 in respect of an insurance business transfer scheme must be accompanied by a report on the terms of the scheme ('a scheme report').
>
> (2) A scheme report may be made only by a person–
>
> (a) appearing to the appropriate regulator to have the skills necessary to enable him to make a proper report; and
>
> (b) nominated or approved for the purpose by the appropriate regulator.
>
> (3) A scheme report must be made in a form approved by the appropriate regulator."

4 The appropriate regulator for these purposes is the PRA.

5 Ms Angell is a senior director of the Insurance Consulting and Technology division of Willis Towers Watson. She is a Fellow of the Institute of Actuaries and the Society of Actuaries in Ireland and an Associate of the Chartered Insurance Institute. She has great experience in the insurance industry, including on other Part VII transfers. Her appointment as independent expert has been approved by the PRA, as has the form of her reports. The independent expert owes duties to the court rather than to the appointing parties.

6 As I have said, there are two reports here, the second on 25 October 2022. In light of the recent volatility in the capital markets, and in economic conditions more generally, it is understandable that the independent expert should have wished to provide a substantial supplemental report updating the court, as far as possible, to those developments.

7 It is also part of the statutory scheme that the reports from an independent expert be provided to the regulators, the PRA and the FCA, at least 21 days in advance of the hearing. The regulators have a statutory right to appear on a hearing concerning a scheme of this kind. Both have provided helpful reports, including reports commenting on the independent expert's supplementary report. Both regulators decided not to appear or be represented at the hearing, although I understand that the PRA had observers present.

8 The court will also consider any objections from policyholders. There have been some objections here. They have been considered by the independent expert and the regulators, who have concluded that they do not raise barriers to the scheme. I have also given them careful independent consideration. No policyholder appeared at the hearing to raise objections.

9 The background to the application has been set out in the helpful skeleton argument of Mr Moore, on which I draw for the following summary. ZIP and ZIC are both members of the Zurich insurance group, whose ultimate holding company is Zurich Insurance Group Ltd ("ZIG"). Both ZIP and ZIC write large volumes of non-life general insurance business.

10 ZIP is the main entity in the Zurich group for writing business in Europe, which it does in Ireland and through 12 branches in Europe. It is regulated by the Central Bank of Ireland. Its business is a broad mix of general business with the main components as regards claims being motor, property, liability, financial lines and workers' compensation. There is a helpful table at Table 6.4 of the independent expert's report setting out the broad range of business. As at 31 December 2021, ZIP had gross IFRS claims reserves of some £13.4 billion with annual gross written premium of over £8 billion. As at the same date it had approximately 20.7 million in force policies. As at that date ZIP had, on an IFRS basis, shareholders' funds of £2.3 billion, and assets in excess of its solvency capital requirement ("SCR") under the Solvency II regulatory regime were £2.5 billion, giving rise to a solvency coverage ratio of some 163 per cent. The solvency coverage ratio is expected, by reason of actual and planned dividends in accordance with its capital management policy, to be 146 per cent as at 31 December 2022. I will come back to say a bit more about the SCR and the solvency coverage ratio in a moment.

11 ZIC writes direct non-life business in Switzerland and through its branches, the largest of which are in Canada, Hong Kong and Japan. It is regulated by the Swiss Financial Market Supervisory Authority, FINMA. It assumes internal reinsurance for the other subsidiaries in the Zurich group and ensures pooling of risk and capital within the group. Its business is a broad mix of general business with the main components as regards claims being motor, property, liability and workers' compensation. Again, there is a helpful table setting out the broad range of business at Table 6.5 of the independent expert's report. As at 31 December 2021, ZIC had a total book of approximately 7.18 million policies with annual gross written premium of £12.6 billion. As at that date, ZIC had, on an IFRS basis,

shareholders' funds of £27.7 billion, and the capital in excess of the Swiss Solvency Test ("SST") under the Swiss Regulatory regime was £15.3 billion, giving rise to an SST coverage ratio of 200 per cent. The ZIG SST coverage ratio is expected, according to Ms Angell, by reason of increasing interest rates to have increased to about 262 per cent as at 30 June 2022.

12 Before Brexit, ZIP conducted the business of the UK branch by taking advantage of the passporting rights under Solvency II, specifically the freedom of establishment. However, those passporting rights have ceased to be available since 31 December 2020. The continued provision of insurance services in relation to that business is now the subject to what is known as the Temporary Permissions Regime. That regime is, as its name suggests, limited in time, and, accordingly, a longer term solution needed to be found to enable the UK branch business to be carried on after that permission ended.

13 The option of putting the business into run-off was not considered commercially acceptable; nor was it possible because of the scale of the business of the UK branch for ZIP to continue the operations as a branch of a third country insurer. The same was not true, however, of a UK branch of ZIC by reason of the UK-Swiss Bilateral Treaty, which grants mutual branching rights and equal freedom of establishment to insurers offering direct non-life assurance, based on mutual recognition of equivalent prudential standards. This meant that one of the options available was a transfer to a UK branch of ZIC, and the directors of the companies decided that that was the appropriate course, which would minimise disruption to customers and the operations of the parties.

14 The business to be transferred includes all the policies of the UK branch of ZIP unless those policies have an EEA element or where ZIC fronted for ZIP, which is to say that ZIC wrote the policy and reinsured it to ZIP. This occurred where ZIP did not have the regulatory permissions to write the business directly but could reinsure those risks. Policies with an EEA element will be carved out of the scheme by appropriate definitions. The policies which were fronted by ZIC will be novated to Zurich Re (another company), since ZIC would not be able to reinsure itself. The total number of in-force and expired policies written over the period in which 98 per cent of claims could be expected to have arisen for each class of business is approximately 3 million. The vast majority (around 97 per cent) of transferring policies are estimated to be held by UK residents and therefore the vast majority are estimated to be governed by English law (or another law of the United Kingdom).

15 I will at this stage say more about the independent expert's reports. She has directed herself to the question whether the transfer would have a material adverse impact on policyholders, being those transferring to ZIC, those already existing in ZIC and those remaining with ZIP. She has considered both the possible financial or commercial consequences for policyholders and other matters, including levels of service and recourse to the FSCS or the Financial Ombudsman Service.

16 As is well known and as explained by the independent expert, insurance companies are subject to stringent exacting regulatory requirements with a view to ensuring that they retain sufficient reserves and capital. In the case of EU companies, and as remains the case for the UK, the relevant requirements are known as Solvency II, which is shorthand for the relevant EU Regulation. These requirements continue to

apply within the UK at the moment. Under Solvency II, insurers are required to maintain reserves and a risk margin. They are also required to maintain a level of capital known as the solvency capital requirement, which is calculated by reference to the risks that firms generally run and that the firm in itself is running. It is calculated in broad terms as the amount necessary to ensure that a firm can withstand a 99.5th percentile (or, in looser terms, a 1-in-200 year) stress event and remain able to pay its liabilities for the next 12 months. The calculation is done on a rolling basis.

17 In addition, Solvency II requires a firm to develop its own risk insolvency assessment, which is the forward-looking assessment of its solvency requirements set against its risk profile and risk appetite. Firms are also required to produce and make public annually a solvency and financial condition report. Firms also generally have their own solvency policy which goes over and above the SCR that the firm chooses to hold. This operates as an early warning system to the management to enable them to take appropriate action, such as changing assets mixes, hedging strategies or new business levels to mitigate the risk that the SCR is breached.

18 The capital policy in relation to the Zurich companies is set at a group level on an economic capital basis, which aims to keep capital at a level required to meet a 99.95 per cent value-at-risk over a one-year time horizon. This translates into an SST coverage ratio of 160 per cent or above.

19 Solvency II does not apply in Switzerland. I have already mentioned the SST, which is the Swiss solvency test under the Swiss regulatory regime. The SST is in many ways analogous to the SCR under Solvency II. The independent expert explains in detail the differences between the SCR and the SST. There are three respects in which the SST is more stringent and two respects in which Solvency II is more stringent. This is set out in Table 7.3 of the supplementary report. The two respects in which Solvency II may be considered more stringent are operational risk and pension risk.

20 In order to undertake a prudent and conservative comparison of the position under Solvency II and SST, the independent expert has produced what she calls the ZIC lower bound coverage ratio by making prudent assumptions about the impact of operational risk and pensions risk. It will be noted that she has not made countervailing adjustments for the three respects in which SST is more stringent than Solvency II. This is why she is justified in saying that the lower bound coverage ratio is prudent and conservative.

21 The independent expert has carried out comparisons between the non-scheme position and the post-scheme position for the two companies. Her overall conclusion is as follows. For ZIP with numbers projected as at 31 December 2022, the pre-scheme Solvency II coverage ratio is 146 per cent, and the post-scheme ratio is 156 per cent. For ZIC, as at 31 December 2021, the SST coverage ratio is 200 per cent, both pre-scheme and post-scheme. It will be noted from that summary that the various ratios were given as at two different dates: for ZIP using projected figures for 31 December 2022, and for ZIC using figures as at 31 December 2021.

22 The PRA in its second report says that it has repeatedly invited the independent expert to produce a comparison for ZIC as at 31 December 2022. It says that otherwise policyholders may find the presentation confusing as they are being given the comparison for ZIP as at one date and for ZIC as at another. The PRA does not, however, say that the independent expert's approach in this regard is a ground for objection to the scheme.

23 The independent expert has addressed this point at paras.1.27 and 5.80 of her supplementary report. She has explained that the SST is expected to be higher for ZIC as at 31 December 2022 than at 31 December 2021, and that since she has concluded that there is no material adverse impact on policyholders taking the 31 December 2021 figures, the position must therefore be at least as good were figures to be projected for 31 December 2022. For this reason, she does not consider it to be necessary to carry out a further projected analysis.

24 I am satisfied that this is a good explanation for the approach she has taken. It seems to me that an intelligent reader of the reports as a whole would understand the independent expert's rationale for using the two different dates.

25 As I have explained, the SCR is concerned with capital required to survive a 1-in-200-year stress or shock event in respect of the period of the following 12 months. The independent expert has also considered the position of what she calls "ultimate capital", namely the capital required for the periods needed to pay the liabilities of the company under the in-force policies. She has concluded, using that measure too, that the interests of policyholders will not be adversely affected by the transfer.

26 The independent expert has also considered a number of extreme, adverse scenarios. These include the possible failure of a subsidiary of ZIC and for macroeconomic conditions, including recessions. I have considered these passages of her reports with care. Again, she concludes that, looking at things overall, there is no reason to think that the transfers would have an adverse effect on the interests of policyholders.

27 Using these various measures, including the SST ratio as compared to the Solvency II coverage ratio, her consideration of the ultimate capital and the adverse scenarios, the independent expert has concluded that the transfer of the business will not have a material adverse impact on either the transferring, existing or remaining policyholders from a commercial or financial perspective. In other words, the security of their interests will not be materially adversely affected.

28 The independent expert has also considered a number of other factors including the service level to be enjoyed by policyholders. The service level question is fairly straightforward in this case: the policy numbers will not change; the personnel handling policy claims and other communications will not change; and, as far as their dealings with their policies are concerned, the position will be just the same for policyholders. This is a domestic scheme so policyholders having recourse to the Financial Services Compensation Scheme ("FSCS") and Financial Ombudsman Service ("FOS") will continue to have the same recourse.

29 The supplementary report was, as I have said, provided on 25 October 2022. It is a long document, running to some 118 pages. The FCA in its second report has observed that lay policyholders would not find it an easy document to digest and

that its very length may be prejudicial to policyholders trying to understand it. The FCA also concluded, however, that policyholders had had sufficient time to consider the supplementary report before this hearing. The FCA did not think that any concerns they had about the length or content of the document justified an objection to the scheme.

30 The supplementary report is indeed a long document. On the other hand, paras.1.1 to 1.76 contain, to my mind, a helpful and clear summary. It is in the nature of such reports that they contain much detailed actuarial work and these are, by their nature, likely to make for hard reading. It is fair to say that the document is a long and dense one, but it was necessary, it seems to me, for the independent expert to cover a good deal of material and to do so in adequate detail. I also note that the form of the report was approved by the PRA. I am satisfied that, although it is a long and somewhat dense document, it is nonetheless a helpful one and has set out fully the reasons of the independent expert.

31 I have read both of the independent expert's reports with care. I asked for clarification on a number of points in the course of the hearing. I am satisfied that the independent expert had diligently undertaken her task and that, overall, her conclusion that the interests of the policyholders will not be adversely affected is based on sound reason.

32 Returning to the scheme, it is relatively straightforward in that it transfers the legal rights and obligations of the UK branch of ZIP relating to the transferring policies, associated assets and liabilities and certain outwards reinsurance to the UK branch of ZIC. Three specific points should be mentioned, which were drawn to my attention by Mr Moore. The first relates to excess capital. The scheme provides for assets to be transferred comprising the reserves attributable immediately before the time the scheme takes effect, and capital that can be released from ZIP's SCR as a result of the transfer. In each case, there is an estimated sum at the effective time, which is subject to a true-up mechanism. The amount of the excess capital is sensitive to three things: it will adjust automatically to ensure that ZIP does not fall below its target coverage ratio; it may also be reduced if the directors consider it prudent to do so for the benefit of the remaining policyholders of ZIP; and, as a matter of Irish law, the transfer of any assets in excess of the value of the transferring liabilities (including the excess capital) on a statutory basis is considered to be a distribution and accordingly ZIP must have commensurate distributable reserves in order to transfer such assets (including the excess capital) to ZIC. The most telling point in this regard is that the independent expert has considered whether her overall conclusions would be affected were no excess capital to be transferred over and above the reserves attributable to the relevant transferred business. The independent expert has reached the view that even were no excess capital to be transferred, the interests of policyholders would not be adversely affected. It was also indicated that, if it turns out that ZIP has insufficient distributable reserves or net assets to transfer enough assets to match the reserves attributable to the relevant transferred business on a Solvency II basis, ZIP would only be able to transfer assets equal to the value of the transferred business on a statutory basis. In those circumstances, the parties will return to court to revisit whether the scheme should become effective. The possibility that ZIP has insufficient distributable reserves or net assets is considered by the independent expert to be extremely remote, given the size of the ZIP's distributable profits relative to the expected amount of the distribution as a result of the scheme.

33 The second feature I should mention is what is known as the "ILU guarantee." As is explained in the first witness statement of Mr O'Neill, certain in-scope policies benefit from a guarantee given by the ultimate parent company, ZIG. The parties have liaised with the Institute of London Underwriters and agreed to amend the guarantee to make it clear that it covers affected policyholders whether they remain with ZIP or become policyholders of ZIC.

34 The next point concerns certain provisions concerning the surplus lines trust fund for certain policies covering US risks. It was explained to me that, in effect, the existing trust within ZIP, or which covers policyholders within ZIP, would be terminated and replaced with a corresponding trust in respect of the policies which are to be transferred to ZIC. It seems to me that therefore the position of those holders is not affected.

35 The next feature of the scheme which should be mentioned concerns the sanctions as a result of the Ukrainian/Russian conflict. Various amendments were proposed to the scheme to deal with the interaction between the scheme and sanctions imposed as a result of the war in Ukraine. The parties took advice from Clyde & Co LLP concerning the possible impact of the sanctions regime. On the basis of that advice, it appears that while a policy held by a designated person may be transferred without breaching the sanctions regime, where a claim has been agreed or finally determined or where a premium is obliged to be returned, that would be likely to breach the sanctions regime. The amounts involved are very small comparatively, but the way this is to be dealt with is that through various definitions they will not be transferred and will remain with ZIP until such time as they can be lawfully moved.

36 The jurisdiction of the court to sanction a scheme under Part VII is set out in s.111 of FSMA. Subsection (2) contains various jurisdictional requirements, which I will come back to. Subsection (3) provides that the court must consider that, in all the circumstances of the case, it is appropriate to sanction the scheme.

37 The approach of the court to applications under Part VII has been authoritatively examined by the Court of Appeal in *Re Prudential Assurance Company Ltd* [2020] EWCA Civ 1626. The approach that the court should take is set out at [75]-[86], which I will not set out here, but which I shall follow and apply. In the briefest summary, the key question is whether the transfer would have a material adverse effect on policyholders. It is not necessary to show that the transfer will be beneficial to policyholders, only that it will have no material adverse effect.

38 Turning to the requirements of sub-s.(2) and other requirements made under the regulations which govern an application of this kind, a number of matters concerning notification were addressed at the directions hearing before ICC Judge Barber on 13 June 2022. Directions were then given as to advertising and also dispensing formally with the giving of notice to each policyholder concerned. Appropriate orders for notification to those policyholders who would be relevantly affected were given. Advertisements were also ordered to be placed and this has taken place. In accordance with the regulations, a copy of the application, the independent expert's report and the statement setting out the terms of the scheme and summary of the independent expert's report were each given to the PRA and FCA on 9 June 2022. It is also clear that the regulators were provided with copies

of the independent expert's supplementary report and were being kept fully updated as to subsequent events, including objections from policyholders.

39 I have considered the various steps taken to communicate with policyholders. The form of the notice to policyholders was approved by the PRA having consulted with the FCA. The FCA has confirmed in its second report that it is satisfied with the way which communications with policyholders had been conducted.

40 Under s.111(2)(b) the court must be satisfied that the ZIC UK branch has the necessary authorisation to carry on the business transferred to it. This has been confirmed by the PRA. Under s.111(2)(a) the court must be satisfied that the appropriate certificates under Sch.12 of FSMA have been obtained. In this case there is a certificate from FINMA, the Swiss regulator, confirming that ZIC will, taking the proposed transfer into account, possess the necessary margin of solvency.

41 I have already explained that the regulators have chosen not to appear today before me. As to policyholders, the first witness statement of Mr Keppel discloses that the communications programme has elicited a low response rate of some 0.7 per cent, and a very low rate of objection, some 0.0003 per cent. That does not, of course, mean that the objections that have been made should not be scrutinised with care. There are some 13 policyholders with objections. These have been considered by the regulators and the independent expert, who have each helpfully set out their views. None of them considers that any of the objections is a reason why the scheme should not be sanctioned. I have also considered them carefully myself.

42 The second witness statement of Mr Keppel conveniently summarises the objections under a number of heads, noting that some policyholders may have expressed concerns under more than one head. I will go through these in turn:

(a) One policyholder has objected to the scheme because of concerns regarding the comparative legal statuses of the transferee and the transferor, as the policyholder thought that the transferor was publicly owned and therefore subject to greater scrutiny than the transferee, which they thought was a private limited company. I do not think that this is a telling objection. Both companies are part of the same overall group; indeed, the transferee is the indirect parent company of the transferor. What is of gravest importance here is the application of regulatory requirements. Both companies are subject to stringent regulatory requirements, both in relation to prudential matters and to conduct of business, and I do not think that any difference in the legal status or nature of the companies has any material impact.

(b) One policyholder objected to the scheme on the basis of the length of the notice and communications pack. I do not think this is a persuasive objection. The communications have been approved by the regulators. I have read the notices provided by the parties to policyholders and I have been impressed by their clarity and intelligibility. Inevitably some of the documents, and in particular the independent expert's reports, are long and make for hard reading, but it seems to me that it is in the nature of such documents that they are not particularly easy to read. I also give weight to the views of the FCA, which is experienced in relation to schemes of this kind, that it is satisfied with the communication strategy of the parties.

(c) Three policyholders have objected to the scheme on the basis that the notice and communications pack did not identify which policies are relevant to the recipient. I do not think this is a persuasive objection. To the extent that policyholders may have any questions about whether their policies are covered by the scheme, there were helplines provided and I have no doubt that policyholders would readily have been able to determine from using those helplines whether their policies were covered. In any case it seems to me that the communications with policyholders were clear about which policies were and were not within the scheme.

(d) One policyholder objected to the scheme because of concerns that the transferor would be released from liability in respect of the policy transferred under the scheme. I do not regard this as a persuasive objection. It is in the nature of a scheme of this kind that the liabilities are transferred from one company to another. The real question, it seems to me, is whether the interests of the policyholders are adversely affected, and, for all of the reasons given by the independent expert, I am satisfied that there is no material adverse impact on the policyholders.

(e) One policyholder objected to the scheme in order to record the view that Brexit was illegal. As to this, Brexit has happened. It has been carried out through Acts of Parliament which are effective. General concerns about Brexit are not material to the questions before the court.

(f) Three policyholders objected to the scheme because of concerns that their personal data would be moved outside of the UK. The parties have explained that there will be no physical movement of data, which will continue to be processed in practice by the same personnel. The ultimate data controller may have changed, but I do not think that there is any material impact on policyholders in this regard.

(g) One policyholder objected to the scheme because of concerns that a number of providers are making changes to their organisations at this time and the impact that such changes might have on policyholders. It seems to me that the question for the court is to scrutinise the scheme that has been put before it and the impact, if any, of the transfer from ZIP to ZIC. That is what the independent expert has focussed on and it seems to me that it is the right question. The fact that other organisations may be making other changes to their group structures is not, it seems to me, a persuasive objection.

(h) One policyholder objected to the scheme because the communications pack did not include a date of issuance. I do not regard this as a persuasive objection. If there was any difficulty the policyholder could have asked the parties for the date on which the communications pack was issued.

(i) One policyholder objected to the scheme because they were seeking further information in respect of the process for appointing the independent expert. As to this, I am satisfied that the independent expert has been properly appointed. I am satisfied that the independent expert is indeed independent. She has explained any possible connections between her firm and the appointing parties and has explained why they do not give rise to any conflict

of interest. Her appointment has been approved by the PRA. I do not regard this as a persuasive objection.

(j) One policyholder objected to the scheme because of concerns that the claims process in the UK would be affected. I have already explained that the same personnel within the overall Zurich group organisation will continue to administer the claims, so there is no change to the level of service for policyholders.

(k) Two policyholders objected to the scheme because of concerns that it would adversely affect future premiums. There is no reason for thinking that the scheme will have any adverse effect on future premiums.

(l) One policyholder objected to the scheme without providing any reason for such objection and I need say no more about it.

(m) One policyholder objected to the scheme on the grounds that not all transferring policyholders and other interested persons have had sufficient time to consider the contents of the communications pack. The communications pack has been made available to policyholders for a number of months now. It is correct that the supplementary independent expert's report was provided only on 25 October 2022, but there were good reasons for the report being provided reasonably shortly before this hearing in order to provide the court with assurance that recent events had been taken into account. I note that the FCA, who has considered this point, was satisfied that the policyholders have had sufficient time to consider the contents of that report.

43 None of the objecting policyholders has appeared today to oppose the scheme.

44 For the reasons already given I do not consider that any of the objections that have been raised is a persuasive reason not to sanction the scheme.

45 Overall, I am satisfied of a number of things: that there is a reasonable commercial rationale for the scheme given Brexit; that the independent expert has provided a persuasive and rational basis for concluding that the scheme will not have a material adverse effect on policyholders; that the regulators do not object to the scheme. I am satisfied that the scheme has been properly explained and the documents made available to policyholders, and that no sufficient objections have been raised. I am also satisfied that all of the statutory requirements have been complied with.

46 I shall sanction the scheme.

_____

CERTIFICATE

Opus 2 International Ltd. Hereby certifies that the above is an accurate and complete record of the judgment or part thereof.

Transcribed by ***Opus 2 International Ltd.***

Official Court Reporters and Audio Transcribers

5 New Street Square, London EC4A 3BF

Tel: 020 7831 5627 Fax: 020 7831 7737

civil@opus2.digital

This transcript has been approved by the Judge.