
SUMMARY OF THE TERMS OF THE SCHEME

for the transfer of insurance business and related assets and liabilities from certain of the Members of Lloyd's for any or all of the 1993 to 2020 (inclusive) years of account represented by the Society of Lloyd's ("Lloyd's")

to

Lloyd's Insurance Company S.A. ("Transferee")

in accordance with Part VII of the Financial Services and Markets Act 2000

This document is a summary of the main terms of the Scheme. It is intended to assist you in understanding the key legal arrangements for transferring the EEA business from Lloyd's to the Transferee.

All meanings and definitions are taken from the full Scheme document. The full Scheme document, containing all definitions, background to the Scheme and full terms is available at [Lloyds.com/brexittransfer/scheme](https://lloyds.com/brexittransfer/scheme).

General

1. The transferor Members are underwriting members, former underwriting members or estates of former underwriting members at Lloyd's who carried on non-life business at Lloyd's. The Members are represented for the purposes of this Scheme by Lloyd's.
2. The Transferee is Lloyd's Insurance Company S.A., a Belgian incorporated company which is a wholly owned subsidiary of Lloyd's, authorised as an insurance company by the National Bank of Belgium. The Transferee is authorised under Belgian law to effect and carry on insurance business in all EEA States of the same classes as the insurance business to be transferred to it pursuant to the Scheme.
3. Lloyd's and the Transferee may, at any time before the Order is made, agree to any amendment to this Scheme. Where the amendment is a material change to the Scheme, it must be accompanied by a certificate from an independent expert, approved for the purpose by the PRA, having consulted with the FCA, to the effect that in the independent expert's opinion, the proposed amendments to the Scheme will not have a material adverse effect on the policyholders of the Members.
4. All costs and expenses incurred in connection with this Scheme will be met by Lloyd's.
5. The Scheme is governed by, and shall be construed in accordance with, English law.
6. The Scheme shall not become effective at the Effective Date unless the Court has made an Order under section 111 of FSMA sanctioning it, on or before the Effective Date.
7. The Effective Date is expected to be 30 December 2020.
8. Third parties may not enforce any term of this Scheme pursuant to the Contracts (Rights of Third Parties) Act 1999.

Effect of the Scheme

On and with effect from the Effective Date:

9. Lloyd's and the Transferee have agreed that subject to Court approval, the Transferring Policies, Transferring Assets and Transferring Liabilities will transfer from Members to the Transferee. The Transferee will become the insurer of the Transferring Policies and data controller of the Transferring Business, otherwise, the terms and conditions of Transferring Policies will not change.
10. The Transferring Policies are all those Policies (or parts thereof):
 - (a) identified (either individually or by way of reference to the relevant Binding Authority Agreement) under the column headed "Category 1" of a defined list (referred to as the "Policy File" in the Scheme) to be provided by Lloyd's to the Transferee prior to the Effective Date, unless it is subsequently

determined that any such Policy (or part thereof) has been included in Category 1 of the Policy File in error because it neither: (i) relates to a risk situated in the EEA; nor (ii) was issued to or is held by a policyholder resident in the EEA;

- (b) identified (either individually or by way of reference to the relevant Binding Authority Agreement) under the columns headed “Category 2” and “Category 3” of the Policy File provided such Policy (or part thereof) (i) relates to a risk situated in the EEA; or (ii) was issued to or is held by a policyholder resident in the EEA; and
- (c) which are not identified on the Policy File but such policy (or part thereof) has been effected or carried out by or on behalf of the Members between 1993 and 2020 (inclusive) and will immediately after the expiry of the transitional period agreed between the UK and the EU require an EEA authorised insurer to carry out or service such Policy (or relevant part of such Policy),

in each case, other than Excluded Policies.

Generally, this means that policies written in respect of policyholders based in the EEA and/or risks located in the EEA will be transferred to the Transferee.

In addition, where a Policy has a non-EEA policyholder and covers both EEA and non-EEA risks, that part of the policy relating to EEA risks will transfer to the Transferee and that part of the policy relating to non-EEA risks will not transfer and will continue to be a policy of the Member. For Policies that will be split between Members and the Transferee, the parties agree that the interest, title, rights and obligations of the Members in or under any part of a Transferring Policy, shall vest in the Transferee and for a non Transferring Policy shall continue to vest in the relevant Members. The method of allocating premiums, losses and related expenses in respect of a split Policy, asset or liability shall be determined by agreement between the Members and the Transferee.

- 11. The Scheme ensures that policyholders of these split Policies will continue to have the same rights, benefits and obligations and be subject to the same terms and conditions in relation to their policy.
- 12. Transferring Assets: In addition to the Transferring Policies and assets backing those policies, certain contracts will also transfer to the Transferee, such as Binding Authority Agreements and Third Party Administration Agreements, to the extent that they relate to the Transferring Policies.
- 13. Excluded Policies: All inwards reinsurance policies other than where the cedant is domiciled in Germany, all policies which are subject to the requirements of a local regulatory licence or other approval granted to Lloyd’s in Australia, Canada, Hong Kong, Singapore, South Africa and/or Switzerland, certain other categories of policy (as detailed in the definition of Excluded Policy in the Scheme) and all non-EEA policies (as detailed in the definition of Non-EEA Policies in the Scheme), being the majority of policies written by the Members, will not transfer to the Transferee.
- 14. Furthermore, a very small number of policies which are subject to restrictions imposed by sanctions regimes will not transfer to the Transferee.

15. Excluded Liabilities: Other than liabilities arising from or in connection with the Transferring Policies and Transferring Assets, all other liabilities of the Members are excluded from the transfer. In particular, any liabilities relating to conduct issues (including mis-selling), the Excluded Policies or tax are excluded and will not transfer to the Transferee.
16. Any Proceedings against the Members, in connection with the Transferring Business, shall be continued by or against the Transferee and the Transferee shall become entitled to all the rights, benefits powers, obligations and liabilities of the Members in respect of the Transferring Policies.
17. If any property of the Members intended to transfer under this Scheme is not, or is not capable of being, transferred to and vested in the Transferee by the Order for any reason then the Members shall hold any property together with any proceeds as trustee for the Transferee absolutely for so long as is legally permissible.
18. All the liabilities imposed on the Transferee by or under the Order in respect of the Transferring Policies shall be reinsured back to the Members pursuant to a Lloyd's Brussels Reinsurance Contract (which will be entered into by the relevant parties prior to the Effective Date).
19. Existing Outwards Reinsurance Agreements (including any associated collateral, letter of credit or security arrangements) shall, pursuant to the Order, be treated as retrocession agreements in respect of the Transferring Policies. The benefit of each Existing Outwards Reinsurance Agreement shall transfer from the original Member to the new Member who shall be entitled in their own name to collect all amounts recoverable. The provisions of any Existing Outwards Reinsurance Contract including, where the context requires, liabilities incurred by the transferee as if it were the original Member shall, subject to the amendment above, continue in full force and effect (including in respect of the rights of the reinsurer under the Existing Outwards Reinsurance Agreement as against the new Member and the terms on which the retrocession is provided). The Scheme does not entitle any person to invalidate, discharge or terminate any Existing Outwards Reinsurance Agreement or Retrocession Agreement. Neither does it require any registration, re-registration or filing of any amendment to any existing registration or filing in respect of any Existing Outwards Reinsurance Agreement or require any person to perform any new or additional obligation nor take any new or additional step or action (including any re-filing, registration or re-registration) in respect of any Existing Outwards Reinsurance Agreement, or otherwise take any action to vary, amend, disclaim, repudiate or terminate all or any part of any Existing Outwards Reinsurance Agreement including, in each case, where the context requires, on the basis that a loss or liability has been assumed by the Transferee and reinsured by the new Member under a Lloyd's Brussels Reinsurance Contract..
20. Any letters of credit, collateral or security arrangements comprised in or connected to an Existing Outwards Reinsurance Agreement shall, by the Order, include such consequential amendments as are necessary to implement and reflect the fact that those arrangements will, from the Effective Date, support a retrocession rather than a reinsurance.