



Royal London
47-49 St. Stephen's Green
Dublin 2
Ireland

Mr AB Sample
123 Sample Street
Sample Town
Sample County
AB1 2CD

 **1850 453 550**

November 2018

Policy Number(s): 00000000

Dear Mr Sample

Proposed transfer of business to Royal London DAC, a subsidiary of Royal London

You currently have one or more policies with us, 'The Royal London Mutual Insurance Society Limited' (Royal London). Your policy may originally have been sold by:

- Royal Liver (including those sold under the 'Caledonian Life' brand), Irish Life or Caledonian Insurance Company before it was transferred to Royal London on 1 July 2011; or
- GRE Life Ireland before it was transferred to Royal London on 1 July 2012, and since then has been held in Royal London's Royal Liver Sub-Fund.

After the UK leaves the European Union, it may not be possible for Royal London to administer policies which were originally sold outside the UK. So that Royal London can continue to administer policies such as yours, which were originally sold in Ireland, we are proposing to transfer such policies to Royal London Financial Services DAC (Royal London DAC). This is a new subsidiary of Royal London registered in Ireland. We propose to transfer around 460,000 policies sold in Ireland and Germany. A breakdown of the transferring policies can be found on page 9 of the enclosed Policyholder Booklet.

In order to sell and administer life insurance in Ireland, Royal London DAC must be authorised to do so by the Central Bank of Ireland. We expect this to happen later in 2018. From then Royal London DAC will start selling new protection business in Ireland.

Why are we writing to you?

This letter and the enclosed Policyholder Booklet set out what the proposed transfer would mean for you. If you have any concerns, the Policyholder Booklet explains how to raise them. **If you are content with the proposed transfer you don't need to do anything.**

The type of policy you hold with us :

Royal Liver With-Profits (Ireland)

If you hold another type of policy affected by the proposed transfer, you will be sent a separate letter

In summary

- We are proposing to transfer your policy to Royal London DAC, a new subsidiary of Royal London registered in Ireland
- If you have any concerns, the Policyholder Booklet explains how to raise them. If you are content with the proposed transfer you don't need to do anything
- It won't change the terms and conditions, premiums or contractual benefits of your policy, however the way we manage the Royal Liver Sub-Fund will change
- There is more information on our website at royallondon.ie/transfer
- If you have any questions, please call us on **1850 453 550** between 8am and 6pm Monday to Friday, unless it's a bank holiday in Ireland.

How would the proposed transfer affect you?

The proposed transfer is expected to happen on 7 February 2019.

If the proposed transfer takes effect, it **will** mean that:

- Royal London DAC will replace Royal London as your insurer under your policy
- as an Irish insurance company, following its authorisation, Royal London DAC will be regulated by the Central Bank of Ireland and not by the UK Prudential Regulation Authority or Financial Conduct Authority
- your policy will be transferred to a sub-fund within Royal London DAC called the Liver Ireland Sub-Fund
- Royal London DAC will produce and maintain a guide that explains how the Liver Ireland Sub-Fund will be managed. More details are given below
- protection under the Financial Services Compensation Scheme (FSCS), the UK's statutory fund of last resort for customers of financial services firms, will no longer be available. We explain more about this below
- your right to make a complaint to the Financial Ombudsman Service in the UK will be limited to issues arising prior to the proposed transfer. For issues arising after the proposed transfer, you will have the right to make a complaint to the Financial Services and Pensions Ombudsman in Ireland.

The proposed transfer **will not** change:

- your policy number
- the terms and conditions of your policy
- your premiums or the contractual benefits of your policy
- the way the investments backing your policy are managed
- your rights in respect of data protection under the General Data Protection Regulation (GDPR)
- the address and telephone number you need if you want to ask anything about your policy
- your right to make a complaint to the Financial Services and Pensions Ombudsman Service in Ireland.

Will the loss of Financial Services Compensation Scheme (FSCS) protection impact me?

The FSCS protects policyholders if an insurer is unable, or likely to become unable, to pay claims against it (for example, because it has become insolvent). FSCS protection only applies to customers of UK authorised financial services firms. There is no equivalent protection for customers of Irish authorised financial services firms.

If your policy was originally sold by Royal Liver or Caledonian Insurance Company before 1 December 2001, or by Irish Life or GRE Life Ireland, your policy is not currently protected by the FSCS and the proposed transfer will not change this.

If your policy was originally sold by Royal Liver or Caledonian Life after 1 December 2001, FSCS protection will no longer be available after your policy is transferred to Royal London DAC.

The Independent Expert, who we have provided more information about in the next section, confirms in his report that the transfer will not have a material adverse effect on the security of benefits or the future benefit expectations for you or other policyholders of Royal London. He has considered any loss of FSCS protection in reaching this conclusion. The Independent Expert confirms that Royal London and Royal London DAC are forecast to be well capitalised entities and the likelihood of insolvency is, in his opinion, a remote event. In addition to this:

- Royal London DAC is subject to a variety of Irish and European laws and regulations which require Royal London DAC to hold enough funds to pay policyholders' claims. Royal London will provide Royal London DAC with enough funding to meet these legal and regulatory requirements at the outset
- Irish insolvency rules aim to protect policyholders of insolvent insurance companies in Ireland. Although these rules do not provide the same level of protection as FSCS, they are intended to reduce the need for an equivalent protection scheme in Ireland.

How will my interests be protected?

Your interests and the interests of other policyholders are protected by a rigorous approval process that includes:

- consideration of the proposed transfer by the UK High Court, which must be satisfied that it is fair to all Royal London and Royal London DAC policyholders before it can approve the proposed transfer. The Court hearing is expected to take place on 31 January 2019. A copy of the Legal Notice is shown in Section 8 of the Policyholder Booklet
- consideration by an Independent Expert of the likely effect of the proposed transfer on all Royal London and Royal London DAC policyholders. The Independent Expert has been selected on the basis of his experience and independence, and has been approved by the Prudential Regulation Authority in consultation with the Financial Conduct Authority. The Independent Expert has separately considered the proposed transfer and concluded that it **will not** have any material adverse effect on the security of benefits or the future benefit expectations of the policyholders of Royal London or Royal London DAC. The Independent Expert's report is summarised in Section 7 of the Policyholder Booklet.

The proposed transfer has also been considered by the Liver Supervisory Committee (LSC), which is a committee of Royal London with a majority of independent members. The LSC has considered the proposed transfer and is supportive of it.

How will my policy be managed?

Your policy will transfer to Royal London DAC but will be reinsured back to the Royal Liver Sub-Fund. We explain this in Section 2 of the Policyholder Booklet. This means that whilst Royal London DAC will become your insurer, Royal London will be ultimately responsible for funding any payment in relation to a claim that you make on your policy while the reinsurance is in place. This reduces the impact of the transfer on policies such as yours.

You currently share in the profits and losses of the Royal Liver Sub-Fund through the declaration of annual and final bonuses. This includes any distribution of money in the fund that doesn't need to be held back to pay claims. The reinsurance arrangement will enable this to continue. We explain this in Section 3 of the Policyholder Booklet.

Without the reinsurance in place, the Royal Liver Sub-Fund would need to be split and the assets allocated between transferring and non-transferring Royal Liver Sub-Fund policyholders. It would not be possible to complete this before the UK leaves the European Union.

Royal London currently manages the Royal Liver Sub-Fund in line with a Principles and Practices of Financial Management (PPFM) document. Royal London will update the PPFM document to take account of the proposed transfer and reinsurance, as explained in Section 3 of the Policyholder Booklet.

After the transfer, the PPFM document will no longer be directly relevant to you as your policy will no longer be held in the Royal Liver Sub-Fund. Royal London DAC will produce and maintain a corresponding guide explaining how the Liver Ireland Sub-Fund will be managed, which will be directly relevant to you. Whilst the reinsurance is in place, this guide will be aligned with the PPFM document. Both documents are available on the website or you can request copies to be sent to you.

You currently benefit from a number of protections within a legal document called the Royal Liver Instrument of Transfer (Royal Liver IoT). This is a legal document that sets out the terms of the transfer of Royal Liver's business to Royal London in 2011. The Royal Liver IoT will be updated, in order to ensure there is no material impact to the protections you receive from it. We explain this further in Section 3 of the Policyholder Booklet.

What should you do?

- Please read the enclosed Policyholder Booklet carefully.
- If you have assigned your policy to another person or a company, your policy is subject to bankruptcy proceedings or a court order, or if you are acting as a trustee, you may need to tell someone else about the proposed transfer. Please see Section 1 of the Policyholder Booklet.
- If you are concerned that the proposed transfer could adversely affect you, you have the right to raise your concerns with us or the UK High Court at the hearing scheduled for 31 January 2019. If you raise any concerns with us, we'll share these with the Financial Conduct Authority, Prudential Regulation Authority, the Independent Expert and with the UK High Court. We explain how to do this in Section 1 of the enclosed Policyholder Booklet.

- If you are content with the proposed transfer, you don't need to do anything.

You can read more about the proposed transfer on our website at royallondon.ie/transfer. Any changes such as to the Court hearing date, further information or reports, will also be made available on our website before the Court hearing.

If you have any questions about the proposed transfer, please call us on **1850 453 550** between 8am and 6pm Monday to Friday, unless it's a bank holiday in Ireland.

Yours sincerely



Phil Loney
Group Chief Executive

If you would like a copy of this pack in large print, audio or Braille please call us on 1850 453 550

