



The Summary Report of the Independent Actuary

**Summary Report of the Independent Actuary on the
proposed Scheme to transfer a portfolio of insurance
business from Irish Life Assurance plc dac to Saol
Assurance dac**

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1 INTRODUCTION

Background

Irish Life Assurance plc (“Irish Life”) and Saol Assurance dac, trading as AIB life, (“**AIB life**”) – which are collectively referred to as “**the Companies**” and both of which have a common shareholder (Irish Life being a fully owned subsidiary of Great-West Lifeco group and AIB life being part of a 50:50 joint venture) and thus from an insurance regulatory perspective are both ultimately insurance subsidiaries of the Great-West Lifeco group – have agreed to transfer a specified portfolio of assets and liabilities (the “**Transferring Policies**”) from Irish Life to AIB life.

A distribution agreement has been in place between Allied Irish Banks plc (“**AIB**”) and Irish Life since April 2012. Under this agreement, AIB financial advisors provided their clients (AIB customers) with access to Irish Life’s product range, which includes pensions, investment and protection products.

Under the distribution agreement, ownership and responsibility for the customer relationship was retained by AIB, with the right to provide ongoing financial advice to these customers being restricted to AIB only. Irish Life could engage directly with those customers only for the purpose of servicing their existing policies.

The distribution agreement between AIB and Irish Life terminated on 15 May 2023, with AIB forming a new distribution partnership with AIB life.

Both AIB and Irish Life agree that it is in the best interests for existing customers with unit linked pension and investment policies to continue to receive on-going advice from an AIB financial advisor (noting that the customers in question are AIB clients, were sold their policies by AIB financial advisors and continue to be serviced by AIB financial advisors). These customers’ best interests are served when their financial advisor can access and help them to manage their long-term financial needs from one place. It is with that in mind that Irish Life and AIB life have agreed to transfer a defined portfolio of Irish Life’s insurance business to AIB life, comprising these customers. It is believed that the transfer will result in better long-term financial planning outcomes for the customer than the alternative (which would be for customers’ policies to be split across two different life assurance companies, with Irish Life restricted from the level of engagement it could have with these customers).

Irish Life and AIB life have concluded that the proposed portfolio transfer will ensure that AIB financial advisors retain the most efficient access to their customers for the purposes of providing continued advice and guidance on their financial affairs.

The proposed portfolio transfer requires court approval, and the Companies are applying to the High Court of Ireland (“**the Court**”) to seek such approval.

The role of the Independent Actuary

Under Section 13 of the Assurance Companies Act 1909 (“**the 1909 Act**”), the Court must approve any scheme which provides for transfer to another body of some or all of the life assurance business carried on by an insurance company. The 1909 Act requires that a report by an independent actuary (the “**Independent Actuary**”), unless the Court otherwise directs, be transmitted to each policyholder of each company on the terms of the scheme. The Court will consider any such scheme on the basis of an application (“**Petition**”) by one, or both, of the parties.

I have been appointed by the Companies to act as the Independent Actuary for the proposed portfolio transfer. I am a Principal of Milliman, Consultants & Actuaries and am a consulting actuary based in the firm’s Irish insurance practice. I have 25 years’ experience in the insurance industry and have been a Fellow of the Society of Actuaries in Ireland since 2002.

My terms of reference are set out in my full report and my assessment has been undertaken in the context of those terms. Both of my reports should be read in the context of the proposed scheme of transfer (“**the proposed Scheme**” or “**the proposed transfer**”) and not used for any other purpose.

About this report

This report summarises my conclusions, as Independent Actuary, on the potential impact of the transfer on policyholders and explains the reasons why I reached those conclusions. It is intended to be a summary of my full Independent Actuary’s report (“**my full report**”). My full report provides more detail on the businesses of Irish Life and AIB life, the terms and conditions of the proposed Scheme and my assessment of the likely impact of the proposed Scheme on policyholders. The purpose of my full report is to provide an independent assessment of the impact of the proposed Scheme on policyholders and other interested parties, to assist the Court in deciding whether to allow the proposed Scheme to go ahead.

Both my full report and the proposed Scheme are available on the Companies’ websites at www.saolassurance.ie/legal/portfoliotransfer (AIB life) and www.irishlife.ie/aib-life-portfolio-transfer (Irish Life).

Terminology

My full report contains various technical terms which I need to use in assessing the proposed Scheme. Those terms are written in bold font the first time they are defined and are also listed in the glossary in Appendix B of my full report. I have tried as much as possible to avoid technical terms in this report. However, any such terms which are not specifically defined in this report are as defined in my full report and are also listed in the glossary to this report.

Other information

This report is subject to the same reliances and limitations as set out in my full report. I will prepare a Supplemental Report before the final Court hearing. This will provide an update for the Court, taking into account any significant events that may have occurred in the interim.

Professional guidance

The Independent Actuary's Report (and this summary) has been prepared under the terms of the guidance set out in version 1.0 (effective 1 December 2022) of the Actuarial Standard of Practice ("**ASP**") INS-2 ("Transfer of an Insurance Portfolio – Role of the Independent Actuary") and in accordance with the requirements of version 1.2 (effective 1 March 2022) of ASP PA-2 ("General Actuarial Practice"), both issued by the Society of Actuaries in Ireland ("**SAI**").

2 ABOUT THE COMPANIES

Background to Irish Life

Irish Life is an Irish-incorporated and Irish-authorized public limited company (“**plc**”). It was incorporated on 11 December 1989, under company registration number 152576, as Calbourne Limited. The Company changed its name to Irish Life Assurance (Newco) Limited on 21 September 1990. On 31 December 1990, Irish Life re-registered as a public limited company and changed its name to Irish Life Assurance plc.

Irish Life is therefore a wholly owned subsidiary of Great-West Lifeco Inc, which is a company incorporated in Canada. Great-West Lifeco and its subsidiaries - including the Great-West Life Assurance Company which was founded in Winnipeg, Canada, more than a century ago - have in the region of CAD\$2 trillion (Canadian dollars) in consolidated assets under administration. They are members of the Power Financial Corporation group of companies.

Irish Life is the largest life and pensions group in Ireland, with over 1.3 million customers¹. Irish Life operates a multi-channel distribution strategy for its products and services. For individual customers, it provides a wide product range including pensions, protection, investment and regular savings products. It also provides a wide range of group pension and protection solutions to employers, pension schemes and affinity groups.

The following table shows the estimated impact on the solvency position of Irish Life of the proposed transfer of business to AIB life had the transfer occurred at 31 December 2022.

	Total Pre-transfer	Transferring Policies	Total Post-transfer
	€ millions	€ millions	€ millions
(1) Total Eligible Own Funds	1,697	58	1,639
(2) Solvency Capital Requirement (SCR)	1,024	40	984
(3) Solvency Coverage Ratio (= (1) / (2))	166%		167%
(4) Excess of eligible own funds over capital requirement (= (1) - (2))	673	17	655

Source: Irish Life

The impact of the transferring policies on the balance sheet is to marginally increase the solvency coverage ratio of Irish Life post completion of the transfer.

Further detail on Irish Life is contained in section 4 of my full report.

Background to AIB life

Saol Assurance dac, trading as AIB life, is an Irish-incorporated and Irish-authorized Designated Activity Company (“**dac**”). It was incorporated on 10 August 2021, under company registration number 701277, as AIB JV dac. The company changed its name to Saol Assurance dac on 30 January 2023.

AIB life is a subsidiary of Saol Assurance Holdings Limited, a 50:50 joint venture holding company, jointly owned by Allied Irish Banks plc and Canada Life Irish Holding Company Limited, and a member of the Great-West Lifeco group.

AIB life received its authorisation as a life insurer on 17 February 2023. It is authorised by the Central Bank to transact insurance business in Life Classes I, III, IV and VII under the Solvency II Regulations.

As AIB life did not have any inforce business at 31 December 2022, the following table shows the projected impact on the solvency position of AIB life of the proposed transfer of business from Irish Life as at 31 December 2023, were the proposed transfer to happen at that time (rather than at the Effective Date of 1 November 2023) both including and excluding the proposed transfer.

¹ Irish Life has 1.3 million customers but reports 965k contracts in force in the annual QRTs. The difference between these two figures is because in preparing the QRTs, Irish Life counts schemes as one contract, meaning a DB/DC corporate pension scheme would count as one contract rather than being counted as the number of underlying members in the scheme.

	Excluding proposed transfer	Including proposed transfer
	31/12/2023	31/12/2023
	€ millions	€ millions
(1) Total Eligible Own Funds	119.6	119.6
(2) Solvency Capital Requirement (SCR)	13.6	82.8
(3) Solvency Coverage Ratio (= (1) / (2))	878% ²	144%
(4) Excess of eligible own funds over capital requirement (= (1) - (2))	105.9	36.7

Source: AIB life

AIB life will be capitalised in advance of completion of the proposed transfer with sufficient additional own funds to support the non-linked liabilities and the solvency capital requirements associated with the Transferring Policies, post-transfer. This means that the solvency coverage ratio of the company immediately prior to the transfer will appear artificially strong, as it will have received additional own funds in advance of completion of the transfer of liabilities.

The impact of the Transferring Policies on the balance sheet is to significantly reduce the solvency coverage ratio of AIB life post completion of the transfer, as the temporary inflation of the pre-transfer solvency coverage ratio (due to the arrival of own funds prior to the liabilities associated with the Transferring Policies) is reversed. The post-transfer solvency coverage ratio of AIB life is expected to be well in excess of the regulatory minimum level and in line with the company's capital management policy.

Further detail on AIB life is contained in section 5 of my full report.

² In the absence of the additional own funds that AIB life will receive prior to completion of the proposed transfer, the solvency coverage ratio would be expected to be in the region of 150%.

3 ABOUT THE PROPOSED TRANSFER

Introduction

Irish Life and AIB life have entered into a formal sale agreement setting out the terms on which the transfer of specified assets and liabilities from Irish Life to AIB life will take place.

Irish Life and AIB life have agreed to transfer a defined portfolio of Irish Life's insurance business to AIB life, comprising existing customers with unit linked pension and investment policies who purchased their policies through an AIB financial advisor, under a distribution agreement which was previously in place between Irish Life and AIB.

The Transferring Policies

AIB life is to acquire a portfolio of business (“**the Transferring Policies**”) from Irish Life, representing the following cohort of policies:

- Inforce policies issued under Irish Life's distribution agreement with AIB, and which are, or may be deemed to have been, in existence on 30 June 2023, and still inforce at the “**Effective Date**” of the proposed Scheme (as described under the heading “Summary of the proposed Scheme” below), comprising all unit-linked life savings and investment plans, all personal pension plans (aside from Personal Retirement Savings Accounts) and any executive pension plans that were issued by the Retail Division of Irish Life prior to 22 April 2021, with the exception of the following:
 - Any policy with an investment in an “**Excluded Fund**” (i.e. any Irish Life unit-linked fund in which any of the Transferring Policies is invested and which is not deemed (by Irish Life and AIB life) to have a fund option with similar characteristics and risk rating within AIB life into which these policies can switch as part of the proposed Scheme);
 - Any policy forming part of a specific book of investment plans which are past the end of their original investment term; and
 - Any policy for which AIB no longer acts as the servicing agent (under the terms of Irish Life's distribution agreement with AIB) at the Effective Date.

With regard to the exceptions noted above, from 30 June 2023, any fund deemed to be an Excluded Fund (in accordance with the definition above) will cease to be available to new investments (new premiums and/or fund switches) on policies that are within the portfolio of business to be transferred.

The following table summarises the number of policies, and Irish Life's liabilities in respect of those policies, as at 31 December 2022.

Product Type	No. of policies	Best Estimate Liability including unit-linked liability € millions
Unit Linked Savings	4,037	81
Unit Linked Bonds	16,837	1,397
Unit Linked Regular Premium Pensions	2,924	215
Unit Linked Single Premium Pensions	2,760	223
Total	26,558	1,915

Source: Irish Life

None of the Transferring Policies participates in profits and none of the Transferring Policies has been subject to any previous scheme of transfer.

The Transferring Policies comprise a well-defined block of business. As AIB has terminated its distribution agreement with Irish Life (and now acts as AIB life's distribution partner instead), the number of in-force policies in this portfolio will steadily reduce due to claims. My Supplemental Report will include updated figures for the Transferring Policies.

Summary of the proposed Scheme

The proposed Scheme will see the transfer of a specified portfolio of business, as described in the previous subsection, above, from Irish Life to AIB life, subject to the approval of the Court. The Transferring Policies are scheduled to transfer on 1 November 2023 (the Effective Date) to AIB life, which will become the insurer of those contracts from the Effective Date.

Any rights, powers, obligations and liabilities of Irish Life under the Transferring Policies will be transferred to AIB life. The value of all property and assets (or equivalent value of assets) held by Irish Life in respect of the investments in any unit-linked funds held by the Transferring Policies will also be transferred to AIB life.

To the extent that there is discretion available to AIB life as to how it will apply or modify the contractual provisions that govern the operation of the Transferring Policies and/or the internal funds to which their benefits are linked, that discretion will be exercised in accordance with the principles in relation to policyholders' reasonable expectations that apply to similar business in AIB life, taking into account the opinion of AIB life's Head of Actuarial Function.

Irish Life maintains a number of unit-linked funds ("**internal linked funds**") in respect of the transferring business. Under the proposed Scheme, the range of Irish Life internal linked funds that is currently available to the Transferring Policies, pre-transfer, will be replaced by a new internal linked fund range offered by AIB life. The value of the assets deemed appropriated to each Irish Life internal linked fund, in respect of Transferring Policies, will be moved on the Effective Date to an internal linked fund with similar characteristics and risk rating established within AIB life. The Transferring Policies will be allocated an equivalent value of units in the new internal linked funds operated by AIB life corresponding to the funds operated by Irish Life.

The total charges that are levied on the internal linked funds comprise a fixed annual management charge as well as a variable component. The variable component covers charges related to, for example, external fund managers' fees, custody fees, etc. In accordance with the Scheme, there will be no change to the fixed annual management charge component of fund charges, as a result of the transfer. There may, however, be some changes to the variable component, and these are considered further in section 5 below and in section 9 of my full report.

Within Irish Life's fund range, the variable component of the total charges is passed directly to policyholders as and when it is incurred. By its nature, this charge can vary slightly from year to year. The Scheme states that there will be a change in approach to the application of this variable charge post-transfer to AIB life. In particular, AIB life will estimate the expected future level of the variable charge and apply this as a fixed deduction each year. The overall level of charges that will apply within each fund is expected to remain relatively stable from year to year and to be reflective of the underlying variables costs that are actually incurred by each fund. This is considered further in section 5 below and in section 9 of my full report.

Irish Life and AIB life will each bear their own costs and expenses associated with preparing and implementing the proposed Scheme. No costs or expenses will be borne directly by any of the policyholders of either of the Companies.

More details on the proposed Scheme are provided in section 6 of my full report.

Policyholder communications

In relation to policyholder communications, the law requires that, unless the Court directs otherwise, all policyholders (of both Companies) must be provided with a Circular which includes a summary of the main provisions of the Scheme and a copy of the Independent Actuary's report. I understand that the Companies intend to ask the Court for permission to modify and waive some of these requirements. In that regard:

- Irish Life intends to send a letter to the Transferring Policyholders (the "**Policyholder Letter**") which in broad terms explains the Scheme. I have reviewed a draft of this Policyholder Letter, which also explains that additional documentation including the Scheme together with a summary of the Scheme and a copy of the Independent Actuary's report, as well as a summary thereof (the "**Transfer Documentation**") will be available to review on the Companies' websites. Policyholders can alternatively email or telephone a Freephone number to request a hard copy of the Transfer Documentation. I have also reviewed a draft document containing a list of frequently asked questions ("**FAQ document**") which will be included with the Policyholder Letter;
- The Policyholder Letter and FAQ document (together "**the Circular**") only be sent to the Transferring Policyholders, rather than to all policyholders in both Companies; and
- In instances in which there is a "communications hold" on a policyholder's account (i.e. where policyholders are no longer resident at the recorded address or policyholders have requested that Irish Life not communicate with them), then if Irish Life does not have a valid email address or other contact details for such policyholders permission will be sought to withhold circulation of the Circular. Otherwise, a link to the Circular will be issued to these policyholders by email (or by using such other contact information as is available).

Further information on the proposed Scheme is provided in the Scheme itself as well as in section 6 of my full report.

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4 MY APPROACH TO ASSESSING THE PROPOSED TRANSFER

Context of assessment

My role as Independent Actuary is to review the proposed Scheme, and only the proposed Scheme, and to consider its likely effects on policyholders. It is not within my remit to consider possible alternative schemes or to form a view as to whether this is the best possible scheme.

My assessment is ultimately a matter of expert judgement regarding the likelihood and impact of future possible events. As the outcome of such future events is uncertain, it is not possible to be certain of the effect on the policies. In order to acknowledge this inherent uncertainty, I have framed my conclusions using a materiality threshold: if the potential impact under consideration is very unlikely to happen and does not have a significant impact, or is likely to happen but has a very small impact, then I do not consider it to have a material effect on the policies.

Principles of assessment

In order to form my opinions on the proposed Scheme, I have considered two main issues:

- whether or not the security of policyholders' benefits will be materially adversely affected; and
- whether the proposed Scheme treats policyholders fairly and will not materially adversely affect their reasonable benefit expectations.

I consider the implications of the proposed Scheme separately for the following groups:

- Policyholders transferring from Irish Life (the "**Transferring Policyholders**");
- Existing (pre-Effective Date) policyholders of Irish Life ("**Irish Life's existing policyholders**"); and
- Existing (pre-Effective Date) policyholders of AIB life ("**AIB life's existing policyholders**").

My approach to assessing the proposed Scheme

In my view, the principal factors to be considered in assessing the security of policyholders' benefits in the context of the proposed Scheme are:

- the two Companies' respective solvency positions (both current and projected);
- their respective risk profiles and approaches to risk management;
- their capital management policies;
- business model sustainability;
- options available in recovery and resolution situations; and
- the extent of parental (or other) support available.

The principal factors I consider relevant to an assessment of fair treatment and policyholders' reasonable expectations in the context of the proposed Scheme are its implications for:

- policyholders' contractual obligations;
- the tax treatment of policyholders' premiums and/or benefits;
- areas where the Companies may exercise discretion in relation to the fulfilment of their contracts with their policyholders; and
- levels of customer service to policyholders.

Further details on my approach to assessing the proposed Scheme are provided in section 7 of my full report.

5 MY ASSESSMENT OF THE PROPOSED TRANSFER

Introduction

At a high level, the two Companies share many similarities, which makes the assessment of the implications for the Transferring Policyholders more straightforward than might otherwise be the case and also helps to focus on the areas of difference (which are of particular importance to the Transferring Policyholders). The points of similarity include:

- Both are domiciled in Ireland and subject to the same regulations and the same supervisory regime;
- Both have a common shareholder (Irish Life being a fully owned subsidiary of Great-West Lifeco group and AIB life being part of a 50:50 joint venture);
- Both currently have (or in the case of AIB life expect to have, imminently) a mixture of unit-linked investment, savings and pensions business and non-linked protection business, mainly written in Ireland (though, in the case of Irish Life, a small amount of its business was written in the UK);
- Both have reasonably similar overall risk profiles (initially, and over the business planning horizon);
- Both have very similar capital management policies;
- Both employ similar risk management tools. In particular, both have a significant reliance on reinsurance as a risk mitigant; and
- The same entities that are currently used by Irish Life to administer the Transferring Policies and conduct investment management activity on this business, as outsourced services providers, will continue to be used by AIB life in connection with this same book of business.

There are also some differences, however, including (but not limited to):

- AIB life is newly authorised and has only recently commenced writing new business whereas Irish Life is a long-established business in the Irish market; and
- Irish Life has much more complexity within its portfolio of in-force business.

In the following tables I set out a high-level summary of my assessment of the proposed Scheme, first in relation to the security of policyholders' benefits and then from the point of view of the fair treatment and reasonable expectations of policyholders.

Table 1: High-level summary of my assessment of the proposed Scheme – benefit security

	Transferring Policyholders	Irish Life's existing policyholders	AIB life's existing policyholders
Current/recent solvency position	The solvency coverage ratio of Irish Life is calculated as being 166% as at 31 December 2022. AIB life did not report a solvency coverage ratio as at 31 December 2022 as it had not yet received its authorisation from the Central Bank of Ireland. Post completion of the proposed transfer, AIB life is expected to have a solvency coverage ratio of 144%. While this is lower than Irish Life's current solvency coverage ratio of 166%, it is still comfortably in excess of the regulatory minimum of 100% solvency coverage. However, one should exercise caution when considering solvency coverage ratios at single points in time.	The solvency coverage ratio in Irish Life post-transfer (167%) is calculated as being slightly higher than pre-transfer (166%) as at 31 December 2022.	The expected solvency coverage ratio as at 31 December 2023 of AIB life post-completion of the proposed transfer (144%) is calculated as being significantly lower than immediately prior to the transfer (878%). The main reason though is that the pre-transfer solvency coverage ratio is artificially inflated due to the addition of the own funds that will be needed to support the SCR of the transferring business. Excluding these additional own funds, the solvency coverage ratio pre-transfer is circa 150%.

	Transferring Policyholders	Irish Life's existing policyholders	AIB life's existing policyholders
Projected solvency position	Both companies enjoy strong solvency positions and this is projected to continue over the next 5 years (which is the business planning horizon). Post transfer, AIB life's solvency position is expected to remain comfortably in excess of regulatory requirements, and in line with its capital management policy, in the years immediately following the proposed transfer.	The planned transfer of business is projected to have a slightly positive impact on Irish Life's solvency position.	While the transfer of the Irish Life business is projected to have a negative impact on AIB life's solvency position at the time of the transfer, this is mainly because its solvency coverage ratio immediately prior to the completion of the transfer will have been artificially inflated (see above). AIB life's projected solvency position is expected to remain comfortably in excess of regulatory requirements in the years immediately following completion of the proposed transfer.
Risk profile	The Transferring Policyholders will be moving from a company within which the main financial risks are currently underwriting risk, market risk, and counterparty risk to one with exposure to a similar range of risks, although there are some differences (notably counterparty risk being relatively less significant in AIB life) given the different current states of maturity of the two companies. As a newly authorised insurer, AIB life carries some additional risk in certain areas (e.g. liquidity risk, and the risk that the company fails to reach scale). However, these additional risks are being mitigated where possible and do not materially adversely impact the financial security of the Transferring Policyholders.	The transfer will not have a material impact on the overall risk profile of Irish Life.	The transfer will not have a material impact on the overall risk profile of AIB life (i.e. the range of risks to which it is exposed). The quantum of risk (as measured by the SCR) will materially increase, but so too will the quantum of own funds available to protect against the additional risk.
Risk management	AIB life has similar risk management policies, frameworks, oversight and governance to Irish Life.	Irish Life does not intend to change its risk management framework as a result of the proposed transfer.	AIB life does not intend to change its risk management framework as a result of the proposed transfer.
Capital management policy	AIB life's capital management policy is very similar to that of Irish Life.	Irish Life does not intend to change its capital management policy as a result of the proposed transfer.	AIB life does not intend to change its capital management policy as a result of the proposed transfer.
Business model sustainability	The business models of both Irish Life and AIB life are quite similar, with both companies operating in the Irish market and selling similar types of business. There are some	The transfer of business to AIB life does not impact the business model of Irish Life.	The transfer in of the Irish Life portfolio is in line with AIB life's business plan and does not have any impact on its business model. This transfer will add scale to the AIB life

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	Transferring Policyholders	Irish Life's existing policyholders	AIB life's existing policyholders
	differences though, e.g. Irish Life currently operates a multi-channel distribution strategy whereas AIB life will, at least initially, operate a single distribution channel (i.e. AIB). Any such differences would not be expected to have any negative impact upon the security of benefits of the Transferring Policyholders.		book and unlock synergies which will benefit the company (and which should, ultimately, also benefit its policyholders).
Recovery and resolution options	Although Irish Life currently has a broader range of recovery options available to it than is the case for AIB life (due to its relative size), the range of available recovery options should become similar over time as AIB life builds scale. The most effective recovery option is parental support, and both Irish Life and AIB life have this option available to them. The options available in a resolution situation are similar for both Companies.	The transfer of business to AIB life will not have any material impact the options available to Irish Life.	The transfer in of the Irish Life portfolio will, if anything, enhance the options available to AIB life, as it will add scale to the business.
Parental support	The proposed transfer will not result in any material adverse change to the nature, character or likelihood of parental support available to the Transferring Policyholders.	The proposed transfer will not result in any material adverse change to the nature, character or likelihood of parental support available to Irish Life's existing policyholders.	The proposed transfer will not result in any material adverse change to the nature, character or likelihood of parental support available to AIB life's existing policyholders.

On the basis of the information provided to me and having considered the alternative scenario of the transfer not taking place, I am satisfied that the proposed Scheme will not result in a material adverse impact on the security of policyholders' benefits in the case of the Transferring Policyholders, Irish Life's existing policyholders or AIB life's existing policyholders.

Further details are provided in section 8 of my full report.

Table 2: High-level summary of my assessment of the proposed Scheme – fair treatment

	Transferring Policyholders	Irish Life's existing policyholders	AIB life's existing policyholders
Policy terms and conditions	The proposed Scheme provides that there will be no change to existing policy terms and conditions.	The proposed Scheme provides that there will be no change to existing policy terms and conditions.	The proposed Scheme provides that there will be no change to existing policy terms and conditions.
Discretion and Policyholders' Reasonable Expectations ("PRE")	I have no reason to believe that there will be any materially adverse impact from the way in which AIB life may exercise its discretion, compared to how Irish Life can currently exercise its discretion, in	No change.	No change.

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	Transferring Policyholders	Irish Life's existing policyholders	AIB life's existing policyholders
	relation to certain contractual terms and conditions.		
Service standards	The back-office service standards will not change as the same entity currently fulfils this role for Irish Life as will perform it in the future for AIB life (under a new outsourcing agreement).	No change.	No change.
Fund Range	The range of Irish Life internal linked funds that is currently available to the Transferring Policies, pre-transfer, will be replaced by a new internal linked fund range. The replacement of unit-linked funds is permitted under the policy conditions of the Transferring Policies and it not unusual for unit-linked funds to be replaced by new funds from time to time. The Companies have collectively carried out a detailed fund mapping exercise, in order to ensure that each existing fund that is currently held by one or more of the Transferring Policies is replaced by a suitable fund with similar characteristics and risk rating within the new AIB life unit-linked fund range. The HoAF of each company has reviewed the proposal, particularly from the perspective of policyholder reasonable expectations, and neither has noted any material concerns.	No change.	No change.
Fund Charges	The charges which will be levied on the Transferring Policyholders investing in each of the replacement funds within AIB life will, for a large majority of individual funds, remain unchanged relative to the charges which applied to each corresponding original fund within Irish Life. However, in the case of three funds the charges will reduce by one basis point per annum, while in the case of two other funds there will be an increase of approximately two basis points per annum). It is noteworthy that the total level of fund	No change.	No change.

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	<p>charges applied to these five funds has varied by up to eight basis points per annum (when examined over the past six years), and the charges associated with the replacement funds within AIB life are also expected to vary slightly into the future. Given the level of inherent variation that has been observed over time, coupled with the very small magnitude of the changes overall, any increase in fund charges (impacting only two funds), as a result of the proposed transfer, may be considered to be immaterial.</p> <p>There will also be a change to the way in which a portion of the annual fund charge will be applied to each of the internal linked funds as a result of the migration from the Irish Life fund range into the AIB life range, in order to align with the methodology that is used across all of AIB life's internal linked funds. However, this change in approach is not expected to result in any adverse impact on the Transferring Policies.</p> <p>The HoAF of each company has reviewed these proposals, particularly from the perspective of policyholder reasonable expectations, and neither has noted any material concerns.</p>		
Tax	<p>External tax experts retained by AIB life have examined the terms of the proposed Scheme and concluded that it will have no adverse consequences for the tax treatment of these policyholders.</p> <p>The Scheme of transfer also states that the proposed transfer will not proceed if there are material adverse tax consequences arising from the implementation of the Scheme (unless such consequences do</p>	<p>I have been advised that the proposed Scheme is not expected to have any adverse consequences for these policyholders.</p>	<p>I have been advised that the proposed Scheme is not expected to have any adverse consequences for these policyholders.</p>

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	Transferring Policyholders	Irish Life's existing policyholders	AIB life's existing policyholders
	<p>not materially adversely impact the security of benefits for policyholders, or their reasonable expectations). Any tax liabilities that crystallise as a result of the transfer of the policyholders' assets will not be borne by the policyholders.</p> <p>A formal submission to the Office of Revenue Commissioners of Ireland will be made in advance of the proposed transfer to ensure that there are no unforeseen tax consequences.</p>		
Other	I have not identified any other issues where the implementation of the proposed Scheme would materially adversely affect these policyholders.	I have not identified any other issues where the implementation of the proposed Scheme would materially adversely affect these policyholders.	I have not identified any other issues where the implementation of the proposed Scheme would materially adversely affect these policyholders.

In my opinion, for the reasons set out above, I am satisfied that the fair treatment and reasonable benefit expectations of the Transferring Policyholders, Irish Life's existing policyholders or AIB life's existing policyholders will not be materially adversely affected by the proposed Scheme.

Further details are provided in section 9 of my full report.

Assessment of the approach to policyholder communication

In addition to the factors outlined in Table 2, I have also considered the proposed approach to policyholder communication and am satisfied that it is fair and reasonable in the circumstances.

6 CONCLUSION ON THE PROPOSED SCHEME

I confirm that I have considered the effects of the proposed Scheme on the following groups of policyholders:

- Policyholders transferring to AIB life from Irish Life;
- Existing (pre-Effective Date) policyholders of Irish Life; and
- Existing (pre-Effective Date) policyholders of AIB life.

I further confirm that I do not consider further subdivisions to be necessary.

In summary, I am satisfied that the implementation of the proposed Scheme would not have a material adverse effect on

- the security of benefits of any of these groups of policyholders;
- the reasonable expectations of any of these groups of policyholders with respect to their benefits; and
- the standards of administration, service, management and governance that will apply to any of these groups of policyholders.



Eamonn Phelan
Fellow of the Society of Actuaries in Ireland

22 June 2023

7 APPENDIX: GLOSSARY OF TERMS

A glossary of terms and abbreviations used throughout the report is provided below.

Term	Definition
1909 Act	The Assurance Companies Act 1909 (as amended)
ASP	Actuarial Standard of Practice
AIB	Allied Irish Banks plc
AIB life	The Transferee, Saol Assurance dac trading as AIB life
AIB life's existing policyholders	The existing (pre-Effective Date) policyholders of AIB life
Basis point	One hundredth of one percent
Central Bank	The Central Bank of Ireland, which is the supervisory authority with responsibility for the prudential supervision of the Companies
Circular	A document to be provided to the Transferring Policyholders which includes the Policyholder letter and the FAQ document
dac	Designated Activity Company
the Companies	Irish Life and AIB life, collectively
the Court	The High Court of Ireland
Effective Date	00:01 hours on 1 November 2023, or such other date as may be specified by the Court
Eligible own funds	The amount of an insurer's own funds (see) following the application of the eligibility criteria specified in the Solvency II Regulations. Eligible own funds are available to cover the SCR
Excluded Fund	Any Irish Life unit-linked fund in which any of the Transferring Policies is invested and which is not deemed (by Irish Life and AIB life) to have a suitable fund option with similar characteristics and risk rating within AIB life into which these policies can switch as part of the proposed transfer
FAQ document	A document to be provided to Transferring Policyholders which contains a list of frequently asked questions, such as may arise in connection with the proposed Scheme
FSAI	Fellow of the Society of Actuaries in Ireland
Full report, my	The report of the Independent Actuary for the Court on the proposed Scheme.
Great-West Lifeco	Great-West Lifeco Inc
Head of Actuarial Function	The person, as nominated by the company's board of directors and approved by the Central Bank, with overall responsibility for the tasks called out for the actuarial function under Solvency II and the additional responsibilities introduced by the Central Bank
Independent Actuary	Mr Eamonn Phelan, a Fellow of the Society of Actuaries in Ireland and a Principal with Milliman, a firm of actuaries and consultants
Internal linked funds	Internal structures which facilitate the calculation of benefits payable under unit-linked policies (see definition of "unit-linked business")
Irish Life	Transferor
Irish Life's existing policyholders	The existing (pre-Effective Date) policyholders of Irish Life
Milliman	Milliman Limited, 7 Grand Canal Street Lower, Dublin 2
Non-linked business	Life assurance business which is not unit-linked business (see "unit linked business" below)
ORSA	Own Risk and Solvency Assessment. The ORSA is a risk management tool, which is required under Solvency II, to assess the overall solvency needs of the firm taking into account the firm's own assessment of its particular risk profile
Own funds	Broadly speaking, the excess of an insurer's assets over its liabilities on a Solvency II basis

Summary of the Independent Actuary's Report

In respect of the proposed Scheme to transfer a portfolio of insurance business from Irish Life Assurance plc to Saol Assurance dac

Term	Definition
Petition	The application by one, or both, of the parties for which the Court will consider the proposed Scheme. The Petition must be accompanied by a report on the terms of the scheme by an independent actuary
plc	Public limited company
Policyholder Letter	A letter issued to the Transferring Policyholders which, in broad terms, explains the proposed Scheme
PRE	Policyholders' reasonable expectations
proposed Scheme / proposed transfer	The legal scheme of transfer by which it is proposed that the Transferring Policies and their associated assets and liabilities will be transferred from Irish Life to AIB life. Under the relevant provisions of the 1909 Act (see above), the proposed scheme requires the approval of the Court
SAI	The Society of Actuaries in Ireland
SCR	Solvency Capital Requirement. One of the regulatory capital requirements under Solvency II. Intended to represent the amount required to ensure that an insurer's assets continue to exceed its liabilities over a one-year time frame with a probability of 99.5%
Solvency II	The regulatory regime for insurers which came into force on 1 January 2016 aimed at harmonising insurance regulation across all EEA countries
Supplemental report	A further report to be prepared by the Independent Actuary prior to the final Court hearing. The purpose of the supplemental report is to provide an update for the Court on the Independent Actuary's conclusions in light of any significant events subsequent to the date of the finalisation of this report
Transfer Documentation	The Circular, the proposed Scheme, a summary of the proposed Scheme, the Independent Actuary's report and a summary of the Independent Actuary's report (i.e. this report)
Transferring Policies	The policies that are proposed to be transferred from Irish Life to AIB life under the proposed Scheme
Transferring Policyholders	The policyholders being transferred from Irish Life to AIB life
Unit-linked business	A type of life assurance business, written under Class III of the Solvency II Regulations, where the benefits payable are linked to the performance of investment funds

Summary of the Independent Actuary's Report

In respect of the proposed Scheme to transfer a portfolio of insurance business from Irish Life Assurance plc to Saol Assurance dac