IN THE ROYAL COURT OF GUERNSEY

ORDINARY DIVISION

(1) SCOTTISH FRIENDLY ASSURANCE SOCIETY LIMITED

(the Transferor)

- and –

(2) FAMILY ASSURANCE FRIENDLY SOCIETY LIMITED

(the Transferee)

(the Transferor and the Transferee together, the Applicants)

APPLY TO THE COURT

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for a Guernsey Order under section 44 of the Insurance Business (Bailiwick of Guernsey) Law, 2002, as amended (the **Insurance Law**) sanctioning the Guernsey Scheme (as defined herein), under section 48(1)(a) of the Insurance Law providing for the transfer to the Transferee of the whole of the undertaking, property and liabilities of the Transferor as set out in the Guernsey Scheme, and under section 47 of the Insurance Law directing that notice of the making of such Guernsey Order be published once in La Gazette Officielle, in the Alderney Official Gazette and in the Sark public notice box.

This application relates to the proposed scheme for the transfer of the whole of the business of the Transferor comprising long term business, as defined in Schedule 5 to the Insurance Law, which includes policies issued to Bailiwick of Guernsey resident policyholders (the **Guernsey Business**) from the Transferor to the Transferee. The scheme for which sanction is sought from the Royal Court of Guernsey (the **Royal Court**) pursuant to this application is herein referred to as the **Guernsey Scheme**.

The Guernsey Scheme is intended to transfer the Guernsey Business on substantially the same terms as the terms of an instrument of transfer (the **UK Instrument**) under which the Transferor and the Transferee agree to transfer all the engagements and business (including the assets) of the Transferor to the Transferee (the **Transferring Business**) pursuant to section 86 of the Friendly Societies Act 1992 (the **UK Act**), to be filed with the Prudential Regulation Authority (**PRA**) for confirmation, following consultation with the Financial Conduct Authority (**FCA**) (the **UK Transfer**).

The UK Instrument is included as a Schedule to the Guernsey Scheme and certain terms of the UK Instrument are deemed to be incorporated into the Guernsey Scheme. There is also a concurrent scheme in Jersey pursuant to the Insurance Business (Jersey) Law 1996 (the **Jersey Scheme**, and together with the Guernsey Scheme and the UK Transfer, the **Schemes**).

1. Interpretation

Words and expressions used in this application, which are defined in the Guernsey Scheme or the UK Instrument, shall bear the same meanings herein (save where they are expressly defined herein) unless the context otherwise requires.

2. Introduction

2.1 The Transferor was registered as a friendly society on 27 September 1862. The Transferor's registered number is 3COLS and its registered office is at Galbraith House, 16 Blythswood Square, Glasgow, G2 4HJ. The Transferor was incorporated with the name, City Of Glasgow Friendly Society, but changed its name on 5 October 1992 to Scottish Friendly Assurance Society and has been known as Scottish Friendly Assurance Society Limited since 1 January 1994. The Transferor carries on long term insurance business in the United Kingdom, in Guernsey and in or from within Jersey (amongst other places).

2.2 The Transferee was registered as a friendly society on 14 May 1975. The Transferee's registered number is 939F and its registered office is at 17 West Street, Brighton, BN1 2RL. The Transferee was incorporated with the name, Family Assurance Society, but changed its name on 1 July 1993 and has since been known as Family Assurance Friendly Society Limited. The Transferee carries on long term insurance business in the United Kingdom.

2.3 As at the date of this application, the Applicants are not part of the same corporate group.

2.4 Each of the Applicants is an authorised person in accordance with section 31 of FSMA with authority to effect and carry on long term business in the United Kingdom in Classes I, III,

IV, as set out in Part II of Schedule 1 to the FSMA (Regulated Activities) Order 2001 (SI 2001/544). Therefore the Applicants each hold appropriate authorisations to carry on long term insurance business of the relevant description in the United Kingdom.

2.5 The Transferor and the Transferee are not licensed insurers in the Bailiwick of Guernsey but are both permitted as recognised insurers (as defined in Schedule 5 of the Insurance Law) to conduct long term business in the Bailiwick of Guernsey of the type for which they are each authorised in the United Kingdom.

2.6 The implementation of the Schemes are conditional upon (i) completion of the registration and approval process applicable to the UK Instrument under the UK Act, which includes confirmation of the UK Transfer being granted by the PRA in consultation with the FCA (ii) the sanction of the Royal Court in respect of the Guernsey Scheme and (iii) the sanction of the Royal Court of Jersey in respect of the Jersey Scheme.

2.7 The purpose of the Schemes is to effect the transfer of the Transferring Business from the Transferor to the Transferee, as agreed between them.

2.8 Each of the Applicants has agreed to appear by counsel at the hearing of this application to sanction the Guernsey Scheme and undertake to be bound thereby and to execute all such documents and to do all such acts and things as may be necessary or expedient to be executed or done by it for the purposes of giving effect to the Guernsey Scheme.

3. The Guernsey Scheme

3.1 The transfer of the Guernsey Business is proposed pursuant to the terms of the Guernsey Scheme in accordance with the provisions of section 44(1) of the Insurance Law, which requires the sanction of the Royal Court to any scheme whereby long term insurance business is transferred:

(a) if either or both of the transferor and/or the transferee body is/are licensed under the Insurance Law;

(b) in respect of any policy comprised in that business written under Guernsey law; or

(c) in respect of any policy comprised in that business issued to a person resident in the Bailiwick of Guernsey,

and in accordance with section 48(1)(a) of the Insurance Law.

3.2 Reviews of the Transferor's records carried out as at March 2026 identified 47 holders of Transferring Guernsey Policies.

3.3 The purpose of the Guernsey Scheme is to implement, with the sanction of the Royal Court, the transfer of such of the business, assets and liabilities relating to the Transferring Business that is required to be sanctioned by the Royal Court under section 44(1) of the Insurance

Law as a result of the Transferring Business including a number of policies issued to persons resident in the Bailiwick of Guernsey.

3.4 The terms of the UK Instrument are annexed to the Guernsey Scheme as a schedule and certain terms of the UK Instrument are deemed to be incorporated into the Guernsey Scheme.

4. Licence requirements of the Transferee

4.1 The Royal Court's sanction under section 44(1) of the Insurance Law depends upon the Royal Court being satisfied either:

(a) that the Transferee is licensed under the Insurance Law (section 46(a)(i) of the Insurance Law); or

(b) that the Transferee is licensed to carry on the relevant insurance business in the country outside the Bailiwick of Guernsey where the Transferee is to undertake its obligations (section 46(a)(ii) of the Insurance Law).

4.2 The Transferee has, and will continue to have following the transfer of the Transferring Business, the permissions necessary in the United Kingdom to carry on the long term insurance business transferred to it under the Schemes at the time that the Schemes take effect and will undertake its obligations in respect of the Transferring Business in the United Kingdom where it is an authorised person and accordingly, the requirements of section 46(a)(ii) of the Insurance Law are met.

5. Independent Actuary's Main Report

5.1 Pursuant to section 45 of the Insurance Law, an independent actuary, Mr Nick Ford (a Fellow of the Institute and Faculty of Actuaries) of Barnett Waddingham LLP, part of Howden Insurance Actuarial & Longevity (the **Independent Actuary**), has prepared a report in relation to the Schemes dated September 2026 (the **Independent Actuary's Main Report**).

5.2 In the introduction to the Independent Actuary's Main Report, the Independent Actuary confirms that:

(a) the Guernsey Scheme and the Jersey Scheme, pursuant to the relevant local law, will provide for the transfer of policies on substantially the same terms as the proposed transfer under the UK Instrument (at paragraph 1.30);

(b) references in the Independent Actuary's Main Report to the UK Transfer should be taken to include the Jersey Scheme and the Guernsey Scheme (at paragraph 1.32); and

(c) the Independent Actuary's Main Report and its conclusions apply equally to the Jersey Scheme and the Guernsey Scheme (at paragraph 1.32).

5.3 The Independent Actuary makes the conclusion at paragraph 2.50 of the Independent Actuary's Main Report that the implementation of the Schemes would not have a material adverse effect on any group of policyholders in relation to their:

(a) benefit expectations;

(b) benefit security; and

(c) administration and service standards.

*5.4 [On [●] 2026, the Independent Actuary issued a supplementary report (the **Supplementary Report**) in which he considered the impact on the conclusions reached in the Independent Actuary's Main Report as a result of developments since the time of finalising the Independent Actuary's Main Report. As confirmed in the Supplementary Report, references in the Supplementary Report to the UK Transfer should be taken to include the Jersey Scheme and the Guernsey Scheme unless otherwise stated (at paragraph [●]) and therefore the Supplementary Report and its conclusions apply equally to the Guernsey Scheme. The Independent Actuary confirms at paragraph [●] of the Supplementary Report that the conclusions set out in section 11 of the Independent Actuary's Main Report are unchanged[1]].*

*5.5 [The Independent Actuary prepared an addendum to the Supplementary Report on [●] 2026 (the **Addendum**) to provide an update on matters since the Supplementary Report. The Independent Actuary concludes in the Addendum (at paragraph [●]) that the conclusions set out in the Independent Actuary's Main Report and the Supplementary Report remain unchanged[2]].*

6. Communication to policyholders and notices

6.1 Section 45(3)(b) of the Insurance Law requires that, except where the Commission otherwise consents, a statement:

(a) setting out the terms of the Guernsey Scheme;

(b) containing a summary of the Independent Actuary's Main Report sufficient to indicate the opinion of the Independent Actuary as to the likely effects of the Guernsey Scheme on the long term policyholders of the Applicants; and

(c) stating that copies of that report are available for purchase at an address in Guernsey,

[1] NTD – only include if a Supplementary Report is issued.
[2] NTD – only include if an Addendum is issued.

(the **Policyholder Communication**) must be sent to:

(a) each of the long term policyholders of the Applicants; and

(b) every member of the Applicants.

6.2 On 25 September 2026, pursuant to section 45(3)(b) of the Insurance Law, the Commission granted its consent to dispense with the requirements of section 45(3)(b) that the Policyholder Communication be sent to all long term policyholders and members of the Applicants (the **Dispensation Confirmation**), on the basis that instead a notification would be sent to each policyholder of the Transferor holding legal title to a policy transferring pursuant to the Guernsey Scheme who, as at the date of extraction of data from the Transferor's computerised databases for the purposes of mailing (following the verification and tracing processes described in the Transferor Affidavit), has a current address in the Bailiwick of Guernsey (the **Mailed Guernsey Policyholders**).

6.3 [For completeness, updated drafts of relevant documents were provided to the Commission on [●] 2026. Following its review of the updated documents, the Commission confirmed via email on [●] 2026 that [the updates had no impact on the Dispensation Confirmation]].

6.4 The notification sent to the Mailed Guernsey Policyholders comprised of:

(a) a cover letter, in a bespoke variant for Guernsey and Jersey policyholders, which directs Mailed Guernsey Policyholders to specific sections of a Channel Islands information booklet relevant to them; and

(b) a Channel Islands information booklet (the **CI Information Booklet**) containing:

(i) a section providing full details of the proposed transfer, providing specific information in respect of the Guernsey Scheme, including the date of the proposed sanction hearing, and the process to approve the Guernsey Scheme;

(ii) a section about how the transfer will affect the policies currently held by policyholders of both the Transferor and the Transferee;

(iii) a section about how policyholders could object, including that Mailed Guernsey Policyholders have the right to object to the Guernsey Scheme at the hearing before the Royal Court;

(iv) a section containing a summary of the terms of the Guernsey Scheme and Jersey Scheme;

(v) a section explaining that copies of the Independent Actuary's Report and the proposed application to approve the Guernsey Scheme to be heard by the

Royal Court are available for free at Mourant Ozannes (Guernsey) LLP's offices in Guernsey; and

(vi) a section containing a summary of the Independent Actuary's Report, which applies equally to the Guernsey Scheme.

6.5 The notification documents described in paragraph 6.3 above are together the **CI Mailing Pack**.

6.6 The CI Mailing Packs were accordingly sent to such Mailed Guernsey Policyholders on or before [31 October] 2026.

6.7 In accordance with the requirements of section 45(3)(a) of the Insurance Law, a notice of this application containing the prescribed information was published in La Gazette Officielle as well as in the Alderney Official Gazette and the Sark public notice box on two occasions.

6.8 In accordance with the requirements of section 45(3)(c) of the Insurance Law, copies of the proposed application, the Independent Actuary's Main Report, and the CI Mailing Pack were served on the Commission.

6.9 In accordance with the requirements of section 45(3)(e) of the Insurance Law, copies of the proposed application and the Independent Actuary's Main Report have been made available for inspection (and for collection free of charge) at all reasonable times at the offices of Mourant Ozannes (Guernsey) LLP, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey, GY1 4HP for at least the statutory prescribed period.

Dated this [●] day of February 2027

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[Chantal Barrett]
Advocate for the Applicants