THE PROPOSED SCHEME UNDER PART VII OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 FOR A TRANSFER OF BUSINESS FROM CANADA LIFE LIMITED

THE REPORT OF THE CHIEF ACTUARY OF IRISH LIFE ASSURANCE ON THE IMPACT OF THE SCHEME

Eoghan Burns FSAI

Chief Actuary

Irish Life Assurance

25 August 2020

Contents

1. Introduction and Purpose of the Report

1.1 The purpose of this Report (the "Report") is to consider the effects of the proposed insurance business transfer scheme (the "Scheme") under Part VII of the Financial Services and Markets Act 2000 ("FSMA"). The purpose of the Scheme is to transfer a closed book of insurance business from Canada Life Limited ("CLL") to Irish Life Assurance ("ILA").

1.2 The business to be transferred under the Scheme is referred to as the "Transferring Business".

1.3 If approved, the Scheme is expected to take effect at 22.59 GMT on 31 December 2020 (the "Scheme Effective Date").

1.4 I have prepared this report in my capacity as Chief Actuary of Irish Life. The Report will be made available to the Directors of Irish Life, the High Court of England and Wales ("the Court"), the Central Bank of Ireland ("CBI"), the Prudential Regulatory Authority ("PRA"), the Financial Conduct Authority ("FCA"), the Independent Expert, and policyholders of ILA and CLL. This report has been prepared solely for the purpose of assessing the terms of the proposed Scheme. It should not be relied upon for any other purpose.

1.5 The Report will address the financial implications of the Scheme and its potential impact on Irish Life's existing policyholders. The Report also considers the fair treatment of policyholders, their reasonable expectations regarding the operation of their life assurance policies and any changes to administration and fund management affecting the remaining policyholders.

1.6 The Report has been prepared by Eoghan Burns. I have been a Fellow of the Society of Actuaries since 1998 and the Head of Actuarial Function Irish Life since 15 May 2018. I am an employee of ILA and have a number of policies issued by ILA. I am not a policyholder of CLL. I do not consider that I have a conflict of interest in reaching the conclusions detailed in this report.

1.7 This Report has been prepared in accordance with applicable standards, as determined per the actuarial professional standard "ASP PA-2: General Actuarial Practice" issued by the Society of Actuaries. In my opinion there are no material departures from the standard noted above.

1.8 Mr Jeremy Nurse of Willis Towers Watson has been appointed as the Independent Expert to provide an independent report on the Scheme as required under Section 109 of FSMA. I have read and considered a near final draft of this report.

1.9 A summary of the principal documents which I have considered in the preparation of this report is shown in Section 9. In addition, I have had access to, and discussions with, the management of CLL. I have relied on the accuracy of the information provided. Based on my own experience of the insurance industry I am satisfied that the information appears reasonable but I have not independently verified it. This report is based on the information available to me at, or prior to, 25 August 2020.

1.10 The security of benefits and fair treatment and reasonable expectations of CLL policyholders are considered by the CLL Chief Actuary in his report. I have relied on the investigations carried out, and opinions reached, by the Chief Actuary for CLL in the assessment of the impact of the Scheme on CLL policyholders.

2. Overview of Irish Life

Introduction and company history

2.1 Irish Life Assurance plc ('ILA') is at the centre of the Irish Life Group in Ireland and since 2013, has been part of the Great-West Lifeco group of companies, one of the world's leading and most secure life assurance organisations. 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 around $1.6 trillion Canadian dollars in consolidated assets under administration. They are members of the Power Financial Corporation group of companies.

2.2 Irish Life is the largest life and pensions group in Ireland. The Irish Life brand is one of the best known and most recognised financial brands in Ireland. Its brand strength is based on broad distribution, product innovation and customer service.

2.3 Irish Life's unit-linked business includes individual and group life and pension business. Some unit-linked products have attaching guarantees or capital protection provided either by Irish Life or third parties. The non-linked business includes annuities, income protection, and term assurances.

2.4 The life assurance business of Irish Life consists both participating and non-participating policies.

2.5 The Solvency II technical provisions and the reinsurance asset at year-end 2019 are shown below, split between the main product lines:

€m	Account Values [1]	Best Estimate Technical Provisions			Risk Margin [2]	Policy Count
		Gross	Reinsurance Asset [1]	Net		
Non-Participating Business						
Individual insurance	708	324	439	(116)		456,803
Individual and group investment	46,291	(572)	0	(571)		340,124
Annuities		3,790	1,006	2,783		43,755
Group risk		603	11	593		4,314
Former with profits		2	0	2		57
Other product lines		69	0	69		1,683
Total: Non-Participating Business	**46,999**	**4,216**	**1,456**	**2,760**	**383**	**846,736**
Participating Business	0	108	0	108	0.3	2,005
Total Technical Provisions	**46,999**	**4,324**	**1,456**	**2,868**	**384**	**848,741**

Notes

[1] *Account values are shown net of a unit-linked reinsurance asset of €22m, which is excluded from the reinsurance asset shown above.*

[2] *The risk margin is calculated on aggregate for non-participating business and participating business.*

2.6 Further details of the Irish Life business can be found in Irish Life's Solvency and Financial Condition Report ("SFCR") published on its website[1].

Risk Management Model

2.7 The Board manages all risks across the organisation, and has put in place a comprehensive risk management framework. The framework includes a documented Enterprise Risk Management Policy. This establishes responsibilities for all key components of the risk management system, including the Board and Executive Risk Committees. It also details the three lines of defence model used, and establishes responsibilities and requirements for the first, second and third lines of defence.

2.8 The Board has also generated a Risk Appetite Statement and Risk Strategy document, which outline the appetite for each type of risk and the strategy for accepting, managing and mitigating risks. A further suite of risk policies details the management strategies, objectives, processes, and reporting procedures and requirements for all of the risks we accept.

2.9 The Chief Risk Officer (CRO) has primary responsibility for implementing the risk management system. The Risk Function, under the leadership of the CRO, has created processes to make sure we comply with risk policies. It confirms this compliance each year to the Board Risk Committee as part of the annual review of all risk policies. The Risk Function also monitors and reports on all risks. This includes reporting risk exposures and compliance with risk limits to the Board and executive risk committees every quarter.

2.10 The Enterprise Risk Management (ERM) framework makes sure all material risks can be identified and managed, and that a business strategy can be implemented across the company while fully understanding the risks involved. There are three broad ways in which each risk type can be treated: capitalisation (hold capital in respect of the risk), management and mitigation. The characteristics of each risk are reviewed so that the appropriate treatment can be identified. These reviews weigh up the:

- current and prospective size and complexity of each risk
- potential impact of the risk
- transferability of the risk
- market standard treatment of the risk.

2.11 The Irish Life Risk Appetite Framework and Risk Strategy documents set out the overall strategy for each type and level of risk which may be assumed. Irish Life's risk appetite may change as resources and strategic objectives evolve. The risk appetite and tolerance for specific risks are embedded in the business through risk policies. These set out operational procedures, controls and limit structures that establish a risk management framework for each risk type. Together, these risk policies comprise Irish Life's Risk Policy Framework.

Risk Profile

[1] Irish Life SFCR 2019:
https://www.irishlife.ie/sites/retail/files/Irish_Life_Assurance_2019_SFCR_published.pdf?ts=1588176339727

2.12 Irish Life's risk profile reflects the main business activities, particularly those activities that are to do with creating and selling life insurance products and unit-linked investment and saving products. Irish Life controls the way it accepts risks, using its expertise to manage them and create shareholder value from them. The ILA Board approves the risk appetite at least once a year.

2.13 Irish Life categorises risk exposures under major risk headings. The Solvency Capital Requirement (SCR), split by risk category, is as follows:

€m	End 2019	End 2018
Market risk	689	571
Life Underwriting risk	707	690
Health Underwriting risk	267	207
Counterparty risk	33	26
Requirement before diversification	1,696	1,494
Post diversification	1,249	1,108
Operational risk	59	56
Loss absorbing capacity of deferred tax	(163)	(145)
Total SCR	1,145	1,019

2.14 The range of risks to which Irish Life is exposed is similar to those relevant to other large life insurance companies. Risks are identified, assessed, monitored, managed and mitigated through Irish Life's risk management system.

2.15 Market risk is mitigated by matching assets and liabilities as closely as possible.

2.16 A small proportion of Irish Life's unit-linked business has investment guarantees. The main guaranteed funds offered by the company are the Secured Performance Fund (SPF), the Exempt Guaranteed Fund (EGF), the Stabilised Profits Fund and the Unitised With-Profits (UWP) Fund. Other guaranteed funds are smaller in size and less financially significant. ILA also has variable annuity business which transferred from Canada Life Ireland (CLI) in 2014. 100% of the investment and longevity risks on the variable annuity business are reinsured. Investment guarantees are reinsured on the majority of UWP business (the Best Estimate Technical Provisions "BETPs" net of reinsurance for the investment guarantees on the UWP fund are €0.3m at year-end 2019).

2.17 Unit-linked funds with investment guarantees are generally not open for new business. The SPF is closed to all future inflows. The most material fund which remains open to future inflows is the EGF and that fund has been closed to all single premiums and ad-hoc switches, but inflows will continue to arise, mainly due to switches arising from policyholders who have opted for lifestyling strategies which use the EGF as a more secure fund into which pensions money is invested as policyholders near retirement.

2.18 The shareholder is exposed to equity and bond market/interest rate movements through the guarantees provided on these funds. The shareholder's exposure to the unit-linked funds with guarantees is monitored and managed on an on-going basis. Technical provisions are established in respect of the investment guarantees given to policyholders. The total value of the Best Estimate Technical Provisions (net of the reinsurance asset) for unit-linked funds with investment guarantees at 31 December 2019 is €70m.

2.19 The assets backing non-linked liabilities are invested mainly in corporate bonds and EU government bonds, with a smaller proportion invested in mortgages and in cash. Assets in the Shareholder Fund are mainly invested in a mix of cash, fixed interest and property assets.

2.20 ILA is exposed to counterparty credit risk in relation to fixed interest and cash holdings backing non-linked liabilities, unit-linked liabilities where ILA has provided a credit risk guarantee, and assets held in the Shareholder Fund. In valuing its liabilities ILA makes additional allowance for credit risk on lower rated bond holdings. Cash holdings are well diversified across a range of highly rated international banks.

2.21 ILA uses reinsurance to improve capital efficiency, to protect against adverse claims experience, and to support new business financing. The Solvency II BETPs at 31 December 2019 are net of a €1.5 billion offset in respect of reinsurance ceded. €1.1 billion of this reduction is due to annuity reinsurance for which the backing assets are held in charged collateral accounts.

2.22 Irish Life monitors and reports the credit quality of reinsurance counterparties to the Executive Risk Committee each quarter. If a company rating falls below the minimum acceptable level then new business is no longer placed with that company.

Irish Life will strive to avoid building up an excessive credit exposure to individual reinsurers. Diversification increases the overall security of the reinsurance cover and must form part of the assessment of security.

Capital Management

2.23 Irish Life's policy is to manage the capital base to a level that enables business plans to be executed and to meet growth objectives, within their risk appetite. The level and quality of capital is actively and regularly reviewed. Irish Life aims to meet all regulatory requirements and maintain investor, creditor and market confidence. The business planning process, which considers projections over a five year time frame, informs how Irish Life manages its capital.

2.24 Irish Life's 'Own Funds' are composed of the excess of our assets over the value of our liabilities. Overall, Available Own Funds have increased by €154m in 2019 to €1,934m (2018: €1,780m) after taking into account the planned dividend payment (2019: €nil; 2018: €250m) to its parent company. Throughout 2019 Irish Life was in compliance with the regulatory capital requirements (SCR and MCR).

2.25 Irish Life calculate their SCR using the standard formula set by the European Insurance and Occupational Pensions Authority (EIOPA). Solvency capital is controlled and reported in line with the capital management policy and metrics. The table below summarises the year end position:

€m	2019	2018
Tier 1 - unrestricted		
Issued share capital	1	1
Share premium account	340	340
Surplus funds	-	-
Reconciliation reserve	1,593	1,689
Available Own Funds (before foreseeable dividends and adjustments)	1,934	2,030
Foreseeable dividends, distributions and charges	-	(250)
Ring fenced funds adjustment (Participating Funds)	-	-
Total available Own Funds to meet the SCR	1,934	1,780
Solvency Capital Requirement (SCR)	1,145	1,019
Solvency ratio	169%	175%
Minimum Capital Requirement (MCR)	515	458
Eligible Own Funds as a percentage of MCR	375%	389%

2.26 Irish Life have robust governance structures and processes in place which support continuous monitoring of our solvency position based on up to date market information. The solvency cover at the 2019 financial year end was 169% (2018: 175%) which is €789m (2018: €761m) ahead of the Solvency Capital Requirement.

2.27 While there has been moderate movements in Irish Life's solvency cover due to market related interest and investment movements Irish Life continue to operate within Solvency II regulatory capital guidelines and at the higher end of Board approved risk appetite.

3. Overview of Canada Life Limited

Introduction and company history

3.1. Canada Life Limited ("CLL") is a member of the Great-West Lifeco group of companies, one of the world's leading life assurance organisations.

3.2. CLL is a wholly owned subsidiary of The Canada Life Group (U.K.) Limited ("CLG") (incorporated in England and Wales), which itself is a subsidiary of The Canada Life Assurance Company, a leading Canadian insurer with interests in life insurance, health insurance, investment, retirement savings and reinsurance business, primarily in Canada, the US and Europe, and a subsidiary of Great-West Lifeco Inc.

3.3. CLL has been providing financial solutions for UK customers since 1903, to meet the retirement, investment and protection needs of both individuals and companies in the UK. CLL sells exclusively through third party advisors.

The business of CLL

3.4. CLL is open to new business and consists of non-profit life, pension, annuity and permanent health policies.

3.5. CLL also offers other products such as drawdown and unit-linked investment bonds. The group insurance business provides life, income protection and critical illness cover to employees covered by the schemes.

3.6. CLG is the parent of a group of companies, whose principal activity is the transacting of ordinary long-term life assurance business. As a holding company, CLG does not write insurance or reinsurance business.

3.7. CLL is the largest subsidiary of CLG and provides solutions for UK customers to meet their retirement, investment and protection needs. The main areas of new business for CLL are annuity products (both individual and bulk) and group contracts offering life and health insurance. This amounts to approximately 90% of gross written premiums in 2019. The remaining 10% of premiums is associated with unit-linked products.

3.8. The Euro denominated business, which is the subject of this transfer, is a small closed block of annuity business.

3.9. As at 31 December 2019, the technical provisions for CLL by line of business, as determined in accordance with the Solvency II regulations, are detailed below. The figures in this table and subsequent tables in this report do not include the MGMA business which was transferred into CLL on 1 January 2020. I am advised that the inclusion of the MGMA business at 31 December 2019 would not materially impact the CLL technical provisions or solvency ratio.

CLL in-force business Solvency II 31 December 2019 £m	Best Estimate Liability (1)	TMTP (2)	Risk Margin (3)	Technical Provisions (4) =(1)+(2)+(3)	Reinsurance asset (5)	Net of reinsurance Technical Provisions =(4)-(5)
- Annuities - MA	7,320	-325	448	7,443	68	7,375
- Annuities – Non MA	11,079	-920	254	10,413	3,602	6,811
- Group Health	913	-76	82	919	68	852
- Group Life	131	0	22	153	53	100
- Individual Life	-7	-3	3	-7	-4	-3
- Unit-Linked	2,264	-6	10	2,267	-	2,267
Total	**21,700**	**-1,329**	**819**	**21,189**	**3,787**	**17,403**
BEL including TMTP	**20,370**					

3.10. Further details of CLL's business can be found in CLL's Solvency and Financial Condition Report ("SFCR") published on its website[2].

Risk Management Framework

3.11. CLL's risk management system is articulated through its Enterprise Risk Management framework which is approved by the CLL Board. The framework allows the Board and management to:

- establish their strategy towards risk taking;
- communicate and monitor adherence to the appetite for risks through the use of risk limits and risk indicators; and
- identify, measure, monitor, manage and report on risks

3.12. CLL has a risk governance structure based on a three lines of defence model which is widely used within the financial services industry. This model separates ownership and management of risk from oversight and independent assurance.

3.13. The Own Risk and Solvency Assessment ("ORSA") is a key process within the Enterprise Risk Management Framework and provides an ongoing, forward-looking assessment of the risk profile and overall solvency needs of CLL, given its business plan, and taking into account its available capital resources.

---

[2] https://www.canadalife.co.uk/about-us/solvency-2

Risk profile summary

3.14. CLL's objective in the management of risk is to operate within the risk limits it sets itself. This supports the controlled delivery of its business objectives, in line with its risk strategy, ensuring a balanced approach to risk and reward.

3.15. CLL was granted approval from the PRA to use a Partial Internal Model ("PIM") in respect of longevity, credit and catastrophe risks in November 2019. The use of PIM facilitates CLL holding a level of capital which more appropriately reflects the risk profile of the business than what would be held under the standard formula.

3.16. The SCR as at 31 December 2019 is split by risk category in the following table.

As at 31 December 2019	£m 2019
Standard Formula Risks	
Market risk	833
Counterparty default risk	34
Life underwriting risk	100
Health underwriting risk	179
Internal Model Risks	
Credit risk	1,502
Longevity risk	788
Catastrophe risk	341
Other Adjustments	
Operational risk	95
Loss-absorbing capacity of technical provisions	-
Loss-absorbing capacity of deferred tax	- 83
Total Undiversified Components	3,788
Diversification	- 1,287
Adjustment due to aggregation	50
Solvency capital requirement	2,551

Capital Management Policy

3.17. CLL's Own Funds are the excess of the value of its assets over the value of its liabilities. As at 31 December 2019, CLL's Own Funds consisted of:

31 December 2019	£m
Tier 1 - unrestricted	
Issued share capital	342
Share premium account	812
Initial funds	397

Reconciliation reserve	2,001
Tier 2	
Subordinated liabilities	451
Tier 3	
Tier 3 assets	0
Own Funds	**4,003**

3.18. Own Funds are divided into three tiers based on their permanence and ability to absorb losses with Tier 1 being the highest quality.

3.19. CLL aims to manage its Own Funds so that its solvency position stays above a trigger level which is specified in the Capital Management Operating Policy. The trigger level is determined to ensure sufficient coverage above the SCR to enable CLL to meet its financial liabilities.

3.20. CLL has a solvency monitoring framework that provides proactive escalation and reporting to the Board in the event that the solvency ratio begins to deteriorate. Falling below the trigger level would prompt the implementation of planned capital management activities that aim to move the ratio back above that level.

3.21. CLL's Capital Management Operating Policy is supported by its capital management plan. The capital management plan is produced annually and forecasts CLL's solvency position. This plan also includes any additional capital requirements or dividend payments expected to be made in the three year forecast.

3.22. CLL's solvency ratio as at 31 December 2019 was 157% as shown below.

Solvency II 31 December 2019	**CLL £m**
Own Funds	4,003
Solvency Capital Requirement (SCR)	2,551
Excess Own Funds over SCR	1,452
Solvency Ratio	**157%**

4. Summary of the Scheme

4.1 Canada Life Limited (CLL) has 623 Irish and 118 German policies which were written on a cross-border basis by Equitable Life through authorised Irish and German branches respectively. These were transferred to Canada Life as part of a wider Part VII transfer of insurance business in 2016.

4.2 In order to ensure that it remains possible to continue to pay policyholders their annuities legally after the end of the post-Brexit transition phase, CLL has decided to transfer these policies to an EU authorised affiliate by way of a Part VII transfer.

4.3 The transferring policies are currently administered in Ireland through intra-group outsourcing arrangements between CLL and each of Irish Life Group Services Limited ("ILGS") and Canada Life Group Services Limited ("CLGSL"). These intra-group arrangements will be transferred to ILA, and as a result, there will be minimal impact on the administration of the transferring policies.

4.4 The proposal is to transfer CLL's Euro-denominated Irish and German policies from CLL to Irish Life. This is a closed book of long term annuity business.

4.5 The broad effect of the Scheme is to transfer these policies as at the Scheme Effective Date, without affecting the policy benefits or how the policies are managed.

4.6 On the Scheme Effective Date Irish Life will become responsible for all liabilities and risks associated with the Transferring Business;

Transferring Business

4.7 The Transferring Business represents 0.2% of Irish Life's net of reinsurance best estimate liabilities of €49.9bn as at 31 December 2019. This equates to approximately €85m on 31 December 2019.

4.8 The Transferring Business comprises annuity business denominated in Euros within the block of business, acquired from Equitable Life Assurance Society in 2016.

4.9 All business denominated in Pounds Sterling will remain with CLL.

4.10 None of the transferring business is reinsured.

4.11 There is no direct impact of the transfer on the wider corporate structure, rather this is just a transfer of a subset of business held by CLL into Irish Life.

4.12 The transferring policies are currently administered in Ireland through intra-group arrangements between CLL and each of ILGS and CLGSL. The ILGS administration team, who currently administer the policies on behalf of CLL, also administer the Irish Life annuities. The CLGSL arrangement can also be transferred from CLL to ILA. As a result, there will be minimal impact on the administration of the transferring policies.

4.13 ILA has an existing branch in imminent run off in the UK. This branch is a legacy branch with no staff and for which the servicing and administration of the remaining policies is outsourced to a third party, external to the Great-West Life group of companies. The branch was actively writing, inter alia, term assurance and with-profit linked endowment policies in the UK but closed to new business in the mid-1990s. There are eight policies remaining, all of which are in run-off. Six of these will mature before 31 December 2020, with the remaining two maturing before March 2021. It is ILA's intention that this branch will enter automatically (by default) into the "supervised run-off" portion of the UK's Financial Services Contracts Regime (which will allow these remaining two policies to mature and any necessary payments to be made without any formal steps needing to be taken by ILA to change the regulatory status of its UK branch). Although not required to do so, ILA intends to formally inform the PRA about this plan towards the end of 2020.

4.14 ILA does not intend to maintain a long-term UK branch for the Transferred Business on the basis that it would be disproportionate and would place onerous obligations on ILA as the branch will have no ongoing business with UK policyholders following maturity of the remaining legacy policies. The regulatory landscape for an Irish (or any other EEA) entity wishing to establish or maintain a UK branch will be much more onerous after 31 December 2020 than before, as ILA would be treated as a "third country" entity following expiry of the "implementation period" in relation to the UK's exit from the European Union. ILA considers that maintaining a branch in the UK, to service Irish and German policies for the purpose of the Transferred Business, would be disproportionately expensive and onerous given the small number of policies that are the subject of the transfer and the other safeguards built into the regulatory regime.

5. Financial Position of Irish Life before and after the Scheme

5.1 Under the terms of the Scheme, CLL will pay an amount to ILA equivalent to the Solvency II Technical Provisions (BEL plus Risk Margin less TMTP) as determined on CLL's balance sheet plus an additional amount to support the capital which ILA will need to hold (the "Capital Contribution"). ILA will take on all liabilities in respect of the Transferring Business.

Pro forma balance sheet

5.2 The table below shows the Solvency II balance sheet of Irish Life as at 31 December 2019 both before the Scheme, and after the Scheme assuming that the Scheme had taken effect on that date.

[Note – the table below assumes a payment of €92m.]

Irish Life Solvency II balance sheet 31 December 2019	Actual	Pro Forma After the Scheme
	€m	
Own Funds	1,934	1,939

Net SCR	1,145	1,151
Excess Own Funds	**789**	**788**
Solvency Ratio	**169%**	**168%**

5.3 This transfer of the business increases Irish Life's Best Estimate Liability (excluding Technical Provisions calculated as a Whole) net of reinsurance by [3.0%], as such there is minimal impact of this transfer on the balance sheet of Irish Life.

5.4 Had the Scheme taken effect at 31 December 2019, Irish Life's Own Funds would have increased by [€5m] and the SCR would have increased by [€6m] with a reduction in excess own funds of [€1m].

5.5 Irish Life's solvency ratio is not materially affected by the scheme, reducing by [1%].

5.6 The actual impact will be affected by the run-off of the book and economic conditions as at the Scheme Effective Date but is expected to be materially similar to that stated here.

Risk profile

5.7 The impact of the scheme on Irish Life's Solvency Capital Requirement is an increase of [€6m] with an associated increase in risk margin of approximately [€2m]. These are approximate estimates based upon scaling Irish Life's current SCR and Risk margin by the draft impacts calculated by the Irish Life Pricing team.

5.8 The scheme does not have a material impact on the overall risk profile of Irish Life on account of the low materiality of the business being transferred.

6. Effect on non-transferring ILA policyholders

6.1. In this section I consider the impact of the Scheme on non-transferring policyholders, in particular the security of policy benefits, their benefit expectations and policy administration.

6.2. Security
The ratio of ILA's capital resources to its regulatory capital requirements will be largely unchanged by the Scheme with a limited change in the risk profile and solvency position, therefore I do not believe there will be any material impact on the security of these ILA policyholders as a result of the Scheme.

6.3. Policyholder benefit expectations
The Scheme will not change the contractual terms of any remaining ILA policies and there are not expected to be any changes to the benefits which any remaining ILA policyholder can expect to receive as a result of the Scheme.

6.4. Administration
No changes are anticipated for the administration of the remaining ILA policies.

6.5. Policyholder communications
A waiver is being sought such that notification will not be sent to existing ILA policyholders, on the grounds that these policyholders will not be materially impacted

by the Scheme. Hence, individual notifications can be expected to be of limited benefit to remaining ILA policyholders whilst giving rise to not inconsiderable cost for ILA's shareholders.

6.6. I believe that, in the light of the impact assessment above, the proposed publicity arrangements in respect of remaining policyholders are appropriate for this Scheme.

7. Effect on transferring policyholders

I note the commentary by and conclusions of the CLL Chief Actuary as set out in his report in relation to the security of benefits and fair treatment and reasonable expectations of CLL policyholders and in particular the following sections:

- Security
- Policyholders' Reasonable Expectations
- Administration
- Considerations arising from High Court judgment on Prudential/Rothesay Part VII scheme
- Implications of the Coronavirus (COVID-19) Pandemic

I agree with his conclusions and have not repeated the detail of the comments made in the CLL Chief Actuary report in this report.

8. Other Considerations: COVID-19

8.1 The external environment continues to change quickly as the Coronavirus (COVID-19) pandemic progresses.

8.2 CLL and ILA are both likely to be impacted through falling asset values and potentially worsening economic growth outlooks, as well as through higher deaths within their policyholder population. Both companies have undertaken extensive planning and scenario testing to consider a range of possible outcomes. Although the impact will differ for each company due to their different risk profiles, I note that both companies are well capitalised.

8.3 The potential impacts of COVID-19 will continue to be monitored in light of external developments, with due consideration applied to both transferring and non-transferring policyholders.

8.4 As noted in Section 6.5, although a waiver is being sought not to send a communication to ILA's existing policyholders all ILA customer services email and phone lines remain open throughout the pandemic for any queries that may arise in relation to the transfer.

8.5 ILA's risk appetite remains unchanged as a result of the COVID-19 pandemic.

9. Conclusions

Having considered the impact of the proposed Scheme on existing Irish Life policyholders it is my opinion that:

a) the Scheme will have no material adverse impact on the security of the existing Irish Life policyholders; and

b) the fair treatment and reasonable benefit expectations of existing Irish Life policyholders will not be materially adversely affected by the Scheme.

10. Reliances

Item	Document Name
The proposed Scheme	Scheme for the transfer of the insurance business of Canada Life Limited to Irish Life Assurance plc. under Part VII of the Financial Services and Markets Act 2000
CLL Chief Actuary Report	The Report of the Chief Actuary on the impact of the Scheme on Policyholders of CLL
Irish Life Assurance YE2019 SFCR	Irish Life Assurance Company Solvency and Financial Condition Report December 2019 for the year ended 31 December 2019
Irish Life Actuarial Function Report 2019	Actuarial Function Report (Part 1), including Actuarial Opinion on Technical Provisions
	ILA Reinsurance and Risk Mitigation Policy 2019

Eoghan Burns

Name: Eoghan Burns

Title: Chief Actuary, Irish Life Assurance

25 August 2020

Date