



**PROPOSED TRANSFER OF THE ENTIRETY OF THE UK GENERAL INSURANCE AND
REINSURANCE BUSINESS OF F.M. INSURANCE COMPANY LIMITED TO FM
INSURANCE EUROPE S.A., UK BRANCH**

YOUR QUESTIONS ABOUT THE TRANSFER OF POLICIES ANSWERED

Please refer to the glossary at the end of this document for a list of defined terms.

GENERAL OVERVIEW

1. What is the Proposed Transfer?

We are proposing to transfer the entirety of the UK general insurance and reinsurance business underwritten, issued or otherwise assumed by FM Insurance Company Limited (“**FMI**”) to the UK branch of FM Insurance Europe S.A. (“**FMIE UK Branch**”).

The Proposed Transfer will be carried out using a scheme of transfer under Part VII of Financial Services and Markets Act 2000 (“**FSMA**”), which is a process that enables groups of insurance policies to be moved between two insurers (the “**Part VII process**”).

2. Why is the Proposed Transfer happening?

FMI and FMIE are very similar in structure, processes, procedures and management. The FM Group (“**FM**”) has decided to streamline the company structure and operations relating to its UK and European business. By transferring the UK business of FMI to the FMIE UK Branch, FM would then have all its UK and European business within a single company structure (FMIE). The effect would be to reduce duplication across FMI and FMIE in board and management structures, and in reporting obligations, which would facilitate both greater management effectiveness and some expense savings.

There will be no changes to the terms and conditions of any policy included within the scope of the Proposed Transfer.

3. Who are FMIE and FMIE UK Branch?

FMIE is domiciled and authorised in the Grand Duchy of Luxembourg (“**Luxembourg**”), where it is regulated by the Commissariat aux Assurances (“**CAA**”). The FMIE UK Branch is regulated by both the Prudential Regulation Authority (“**PRA**”) and the Financial Conduct Authority (“**FCA**”). Both FMI and FMIE are part of the FM Group consisting of Factory Mutual Insurance Company (“**FMIC**”), a mutual commercial property insurance company incorporated in 1835 in Rhode Island, USA, together with its worldwide subsidiaries and branches.

TRANSFER PROCESS

4. How will the interests of FMIE and FMI policyholders be protected?

The Part VII process is designed to ensure that the interests of all policyholders are protected. The Proposed Transfer is subject to the approval of the Court, which will consider whether the

Proposed Transfer will materially adversely affect policyholders and whether it is appropriate to allow the Proposed Transfer.

As part of the Part VII process under FSMA, an Independent Expert must be appointed to report to the Court on the impact of the Proposed Transfer on policyholders, with particular reference to their security before and after the Proposed Transfer and the likely effects of the Proposed Transfer on the benefit expectations of the policyholders of FMI and FMIE (see questions 20 to 21 below).

In addition, the PRA and FCA are involved at all stages of the Part VII process. We have taken their views on the Proposed Transfer into account and will continue to do so until the Proposed Transfer becomes effective. The PRA and the FCA also have the right to be heard at the Court hearing to consider the approval of the Proposed Transfer.

The Part VII process requires that formal notice of the Proposed Transfer be given to the policyholders concerned and that the formal notice be advertised in certain publications. The formal notice of the Proposed Transfer is set out on the dedicated website at www.fm.com/uk/regulatory/Insurance-Business-Transfer (the “**Website**”). That notice will also be published in the Times and the Financial Times in the UK, the Luxemburger Wort in Luxembourg as well as in the Edinburgh, Belfast and London Gazettes.

5. What do you mean by 'adversely affected'?

Any types of effect on policyholders may be considered by the Court, including changes to the administration of the Transferring Policies. Where there are some changes for the worse, this does not necessarily mean the Proposed Transfer is unfair or unreasonable, as the changes may be very minor, may occur infrequently or otherwise be outweighed by other benefits.

The Independent Expert considers the materiality of any adverse changes based on their size or likelihood of occurring and provides his conclusions in the Independent Expert’s Report. Please refer to the Independent Expert’s Report for an assessment of the adverse effects of the Transfer.

6. How will the Proposed Transfer be carried out?

The Part VII process will require the approval of the High Court of England and Wales (the “**Court**”). The Court hearing to consider the Proposed Transfer is expected to take place remotely via Microsoft Teams or another teleconferencing service on **20 November 2024**. This date is subject to change. Any updates in this regard will be published on the Website. If the Proposed Transfer is approved by the Court, it is intended that it will take place on **30 November 2024**. It is requested that if you intend to attend the hearing (whether in person or via a representative), please confirm to us using the contact details provided on the dedicated website for the Proposed Transfer as soon as possible and preferably before **11 November 2024**. If you have any objections to the Scheme, it is requested that you also set out the nature of your objection. This will enable FMI and FMIE UK Branch to notify you of any changes to the format, date or venue of the hearing (including any details as to how you can attend the hearing remotely) and, where possible, to address any concerns raised by you in advance of the hearing.

Alternative ways in which you can contact FMI and to register concerns or objections in relation to the Scheme are set out in question 12 below.

7. Why is the Proposed Transfer being carried out in the UK under UK regulation?

It is a legal requirement that FMI and FMIE UK Branch carry out the Proposed Transfer in accordance with Part VII of FSMA.

8. What has already happened as part of the Court process?

At an initial hearing on **6 August 2024**, the Court authorised the parties to commence the Part VII process in respect of the Proposed Transfer and directed FMI and FMIE UK Branch to communicate with policyholders and other interested parties. The Court also granted FMI and FMIE UK Branch waivers from communicating directly with certain types of policyholders. It is expected that the Court will consider the application for approval of the Proposed Transfer at a Court hearing in London on **20 November 2024**.

9. Where and when will the Court hearing take place?

The Court hearing is currently scheduled to take place on **20 November 2024** and is expected to be held remotely via Microsoft Teams or another teleconferencing service. This date is subject to change, please refer to the Website which will be periodically updated where there are changes to the timetable.

10. What will happen between now and the Court hearing?

Before the Court hearing, the Court will receive copies of:

- a. the Scheme Document, setting out terms of the Proposed Transfer in detail;
- b. the Independent Expert's report; and
- c. various witness statements (one of which will summarise the feedback received from policyholders and other interested parties on the Proposed Transfer, including as a result of this communication).

The Court will also receive copies of a report by one or more of the PRA and FCA. The Independent Expert may submit an updated report.

11. What will happen at the Court hearing?

At the Court hearing, legal representatives for FMI and FMIE UK Branch will explain the proposals, the notifications made, and any responses received from policyholders and other interested parties. The Court will review the witness statements and evidence presented and consider whether the Proposed Transfer will materially adversely affect policyholders and whether it is appropriate to allow the Proposed Transfer.

Time will be allocated to hear any objections or concerns put forward (whether in writing, by telephone, or in person) by affected policyholders or any other person who believes that they would be adversely affected by the proposals. The Court must decide whether or not it is appropriate to approve the Proposed Transfer, taking all of the evidence into account including the views of the Independent Expert, the PRA and the FCA. If the Court approves the Proposed Transfer, an order will be made which means the Scheme will come into effect at a time specified in the order.

12. How can I object to the Proposed Transfer?

If you have any comments or queries, or feel you may be adversely affected by the Proposed Transfer, please contact your Account Manager at FM or call us on +44 20 7480 4050.

Alternatively, you can write to us at Compliance Officer at FM Insurance Company Limited, Voyager Place, Shoppenhangers Road, Maidenhead, SL6 2PJ, UK.

Whether or not you contact us first, you have the right to:

- make written representations and/or to appear at the Court hearing in person; or
- instruct a legal representative to appear at the hearing and make representations on your behalf.

We ask, if you wish to do either of the above, that you please let us know by writing to Compliance Officer at FM Insurance Company Limited, Voyager Place, Shoppenhangers Road, Maidenhead, SL6 2PJ, UK or email us at partviiinquiries@fmglobal.co.uk, preferably by no later than **11 November 2024**. We will bring any representations received to the attention of the PRA, FCA, Independent Expert and the Court.

13. When will the Proposed Transfer take place and how will I know it has gone ahead?

Provided that the Court approves the Part VII application, the Proposed Transfer is expected to take place on **30 November 2024**. However, any changes to this timetable will be reflected on the Website.

We will release an announcement on the Website on or around **29 November 2024** if the Proposed Transfer is approved.

Notices will also be published in the Times and the Financial Times in the UK and in the Luxemburger Wort in Luxembourg as well as in the Edinburgh, Belfast and London Gazettes.

14. What will happen if the Proposed Transfer is not approved?

If the Proposed Transfer is not approved by the Court at the Court hearing, FMI will remain as policy provider and will not change to FMIE UK Branch.

15. How can I attend the court hearing?

We expect the Court hearings for the Proposed Transfer to take place remotely via Microsoft Teams. As noted above, it is requested that if you (or your representative) intend to attend the Court hearing, you inform FMI and FMIE UK Branch in writing via the contact details set out above as soon as possible and preferably before **11 November 2024** and set out the nature of any objection you may have. This will enable them to notify you of any changes to the hearing (including any details that are necessary to attend the hearing remotely) and, where possible, to address any concerns raised in advance of the hearing.

IMPACT ON POLICYHOLDERS

16. How will the Proposed Transfer affect policyholders of FMI?

Your policy will be transferred to FMIE UK Branch. The terms and conditions of your FMI policy will not change as a result of the Proposed Transfer and your policy will continue to be serviced in the same way as now.

Your policy provider will change to FMIE UK Branch from the date of the Proposed Transfer. This means that any rights you have under your policy against FMI transfer to, and become equivalent rights against, FMIE UK Branch.

17. What will happen to my existing policy and/or claim?

As a result of the Proposed Transfer, all policies issued by and claims handled by FMI will transfer to FMIE UK Branch. As part of the Proposed Transfer, all personnel within FMI at the time the Proposed Transfer is effective will be transferred to FMIE UK Branch and will continue to administer policies and claims in the same way as prior to the Proposed Transfer. This transfer of staff will take effect simultaneously with the Proposed Transfer to ensure continuity of business for the existing policies and claims.

This means that the way in which your policy or claim is handled will not change as a result of the Proposed Transfer.

18. How will the Proposed Transfer affect policyholders of FMI and FMIE?

There will be no change to the terms and conditions of your FMI or FMIE policy and it will continue to be serviced in the same way it is currently serviced.

19. How does the Proposed Transfer affect any premiums I am paying to FMI?

If you are still paying regular premiums to FMI, any future premiums will be payable to FMIE UK Branch in place of FMI.

Any bank mandate or other instruction relating to the payment of premiums to FMI will take effect from the Effective Date as if it provided for payment to be made to FMIE UK Branch. Mandates and instructions directing how FMI should make payments to policyholders and other beneficiaries will continue in force from the Effective Date as an effective authority to FMIE UK Branch.

20. Will the Proposed Transfer cost me anything?

All costs and expenses incurred in connection with the Proposed Transfer, including the Independent Expert's fees, legal fees and the fees of the PRA and FCA, shall be borne by FMIE. No policyholders of either party will face any charges relating to the Proposed Transfer.

INDEPENDENT EXPERT

21. What is an Independent Expert, who is he and what is his role?

The Independent Expert is an actuarial expert who prepares a report for the Court describing the impact of the proposed Transfer on policyholders of FMI (the transferor) and FMIE UK Branch (the transferee). They must be independent of FMI, FMIE UK Branch, the PRA and the FCA.

The appointed Independent Expert, Derek Newton, is a Principal of Milliman LLP and based in its UK General Insurance practice in London. He has been a Fellow of the Institute and Faculty of Actuaries in the UK since 1988. His experience of general insurance includes (reserved) roles such as Signing Actuary to Lloyd's syndicates and to Irish non-life insurance companies, as well as acting as the independent expert in eleven insurance business transfer schemes that were sanctioned in 2014, 2015, 2016, 2017, 2019, 2020 (two), 2021, 2022 and 2023 (two) respectively.

The Independent Expert reviews the terms of the Proposed Transfer prepared by FMI and FMIE UK Branch in respect of the Proposed Transfer in order to reach a conclusion on the likely effect of the Proposed Transfer on the transferring policyholders of FMI and the existing

policyholders of FMIE. His report is impartial and based on a thorough scrutiny of the proposals and the business of FMI and FMIE UK Branch.

22. What does the Independent Expert's report say?

The Independent Expert has concluded that the implementation of the Proposed Transfer will not in any materially adverse way affect either the security or the policy servicing levels of the Transferring Policyholders.

The Independent Expert is further satisfied that the Proposed Transfer will not have a materially adverse impact on the security of the existing policyholders of FMIE and the service levels provided to the policyholders FMIE will not be adversely affected by the Proposed Transfer.

A summary and the full report are available to download on the Website. The Independent Expert will also prepare a supplementary report. The supplementary report will be available on the Website shortly before the Court hearing currently scheduled for **20 November 2024**.

23. Do I need to do anything?

If you do not wish to object to the Proposed Transfer, and do not require any further information, there is no need to do anything. If you do wish to object to the Proposed Transfer, please follow the procedure set out in question 12.

Please also make sure that anyone else who may have an interest in your policy (or policies) has the chance to read this information too. This might include a named beneficiary or other named interested party under your policy.

Further information can be found on the Website where you will also be able to obtain copies of the full Independent Expert's report (and the supplementary report) and the Scheme Document for the Proposed Transfer. Copies of these documents can also be requested by writing to Compliance Officer at FM Insurance Company Limited, Voyager Place, Shoppenhangers Road, Maidenhead, SL6 2PJ, UK or by emailing partviiinquiries@fmglobal.co.uk or by calling +44 20 7480 4050.

24. Why have I received more than one letter and information pack?

If you have more than one FMI and/or FMIE policy, you may have received more than one information pack. We apologise for any inconvenience this may cause. All of the information packs about the Proposed Transfer contain the same information.

GLOSSARY

Court means the High Court of England and Wales

Effective Date means 30 November 2024, the date on which the Scheme is expected to become effective (subject to the approval of the Court)

FMI means FM Insurance Company Limited

FMIE means FM Insurance Europe S.A.

FMIE UK Branch means the UK branch of FMIE

FCA means the Financial Conduct Authority, which has an objective to protect consumers of financial services, protect and enhance the integrity of the UK financial system and promote effective competition in the interests of consumers

FSMA means the Financial Services and Markets Act 2000

Independent Expert means Derek Newton of Milliman LLP, whose appointment, which has been approved by the PRA in consultation with the FCA, involves producing an independent report on the Scheme in accordance with FSMA and reflecting the guidance provided by SUP 18.2 of the FCA's Handbook, FG18/4: The FCA's Approach to the review of Part VII insurance business transfers and the PRA's Statement of Policy on insurance business transfers

PRA means Prudential Regulation Authority, which is responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms in the UK

Proposed Transfer means the proposed legal transfer of the Transferring Policies from FMI to FMIE UK Branch

Scheme means the legal document giving effect to the Proposed Transfer which will be considered for approval by the Court at the court hearing

Transferring Policies means the FMI policies transferring to FMIE UK Branch under the Scheme

Transferring Policyholders means the holders of the Transferring Policies

Website means the dedicated website for the Proposed Transfer at www.fm.com/uk/regulatory/Insurance-Business-Transfer
