



Chubb Tempest Life Reinsurance Ltd.

Report of Approved Actuary on the Proposed
Portfolio Transfer

15 December, 2023

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15 December 2023

Chubb Tempest Life Reinsurance Ltd.
Chubb Building
17 Woodbourne Avenue
Hamilton, Bermuda, HM 08

Dear Sir or Madam,

Chubb Tempest Life Reinsurance Ltd. UAE Branch Transfer

We enclose our Report of the Approved Actuary on the proposed portfolio transfer of the UAE Branch of Chubb Tempest Life Reinsurance Ltd. to Oman Insurance Company P.S.C. pursuant to Section 25 of the Bermuda Insurance Act 1978. Our work has been conducted in accordance with the Statement of Work dated July 24, 2023.

We draw your attention to the reliances and limitations set out in Section 7.

We are available to provide further information relating to the matters discussed in this document as required.

Yours sincerely



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FSA, MAAA

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Disclaimer

Purpose

This report has been prepared by Willis Towers Watson US, LLC (“WTW”, “Willis Towers Watson”, “we”, “us”, or “our”) for Chubb Tempest Life Reinsurance Ltd. on an agreed basis for the purpose of reporting on the application to be submitted to the BMA in Bermuda to the Supreme Court of Bermuda in accordance with the terms of our Statement of Work dated July 24, 2023. This document is not intended nor necessarily suitable for any other purposes and we accept no responsibility for any such use.

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Section 1: Executive Summary

Introduction

- 1.1 Chubb Tempest Life Reinsurance Ltd (“CTLR”) proposes to transfer the long-term business of its United Arab Emirates Branch (“Chubb-UAE” or “Transferring Business”) to Oman Insurance Company P.S.C (“Sukoon”; and together with CTLR, the “Companies” or “Parties”). This will be effected in accordance with a scheme of transfer (“the Scheme of Transfer” or “the Scheme”) under Bermuda law pursuant to Section 25 of the Bermuda Insurance Act 1978 (the “Act”), and in accordance with the UAE Federal Law No. 6 of 2007 (the “Insurance Law”).
- 1.2 CTLR will seek the Bermuda Monetary Authority’s no-object to the Scheme of Transfer and will petition the Supreme Court of Bermuda (“Bermuda Court”) for an order sanctioning the transfer, and concurrently CTLR and Sukoon (“Companies” or “Parties”) will apply to the Central Bank of UAE (“CBUAE”, or jointly the BMA and CBUAE are referred to as the “Regulators”) for approval of the transfer.
- 1.3 Willis Towers Watson US, LLC or any of its Affiliates (“WTW,” “we” or “us”) has been engaged by CTLR to perform the role of Approved Actuary as required under Section 25 of the Act. The terms of our engagement are set out in a Statement of Work dated 24 July 2023 (referred to as “the Engagement Letter”).

Outline of the Scheme of Transfer

- 1.4 CTLR is a Bermuda exempted company and registered as a Class 3A insurer under the Insurance Act effective 15 January 2010 and a Class E insurer effective 27 September 2011.
- 1.5 CTLR’s branches in UAE, the Sharjah and Dubai Branch, are registered with the CBUAE with registration no. 081 to conduct life insurance business in the UAE. Chubb has been carrying out business in the UAE since 2007.
- 1.6 Sukoon is an insurance company licensed by the CBUAE (registration no. 009) to conduct general and life insurance operations in the UAE.
- 1.7 The Companies propose to make an application to the Bermuda Court to transfer CTLR-UAE’s long term business from CTLR-UAE to Sukoon according to the terms of the Scheme.
- 1.8 Currently, the CTLR-UAE’s operational functions are carried out by five employees managing a portfolio of 214 policies that is closed to new business. Due to its small operation size, CTLR-UAE is heavily relying on its parent company CTLR for Enterprise Risk Management (“ERM”) function.
- 1.9 After the Scheme of Transfer takes effect, CTLR-UAE’s intention is to wind down CTLR-UAE. A 45-day public notice will be issued in the gazette and two local UAE newspapers. Policyholders who object to the transfer will be handled individually on a case by case basis to validate the merit of their objection.
- 1.10 The effective date (the “Effective Date”) of the Scheme of Transfer should be mutually agreed by CTLR-UAE and Sukoon following the Bermuda Court sanctioning the Scheme of Transfer and CBUAE approval, or, if requested by CTLR-UAE and Sukoon, specified by the Bermuda Court when sanctioning the Scheme of Transfer.
- 1.11 On the Effective Date, Sukoon will assume all the rights, liabilities, and obligations including all outstanding amounts in respect of premium, commission or otherwise due to or from Chubb-UAE policyholders, beneficiaries or brokers of the individual insurance contracts. Both assets and liabilities of the individual contracts will be transferred to Sukoon at the Effective Date, such

that the assets transferred will equal the sum of investment contract liabilities and the insurance liabilities of the technical reserves related to Protecta, Critical Illness, Investa, Infinity and Serinity and PA policies. Discretionary assets will be transferred in its entirety and are assumed to cover for the guaranteed fund part of the investment contract liabilities. The group life policy (“CTLR Group Policy”) that covers the five employees of the branches will not be transferred. Instead, CTLR will provide life coverage to the employees until CTLR terminates the CTLR Group Policy coverage in line with the termination of the employment contracts.

- 1.12 Sukoon will integrate and service the CTLR-UAE policies into its existing insurance and IT systems. Sukoon currently administers similar products of its own and is prepared to integrate the Transferring Business into their systems and provide policyholders with 24/7 access to Sukoon’s insurance online and offline systems.
- 1.13 CTLR-UAE will procure the reinsurance treaties to be novated to Sukoon with effect from the Effective Date without any change to the terms and conditions and rates. CTLR-UAE will ensure that there is no outstanding reinsurance premium, profit sharing or profit commission. Draft agreements have already been shared with RGA and GenRe, who has given in-principle agreement to CTLR-UAE. The plan is for Sukoon to assume the treaties’ obligations from the Effective Date onwards.
- 1.14 The agreements between CTLR and Franklin Templeton & Mashreq Bank (the “Custodian Agreements”) will be novated to Sukoon with effect from the Effective Date where required. Chubb-UAE and Sukoon may consider changing the custodian from Franklin Templeton to Allfunds at the transfer or thereafter. Allfunds is the custodian used by Sukoon for its existing business. Sukoon has confirmed that the Transferring Policyholders will not be impacted if the change takes place, and all the current funds in Franklin Templeton will be made available to the Transferring Policyholders.
- 1.15 The intended timing of the Transfer is end of Q1 2024. The actual Effective Date is subject to regulatory and Court approvals.

Purpose and Scope of the Approved Actuary Report

- 1.16 Under the provisions of Bermuda Insurance Law, in particular Section 25 of the Act, CTLR must apply to the Bermuda Court by petition for an order sanctioning the Scheme of Transfer. The Supreme Court requires the petition to be accompanied by a report on the Scheme of Transfer prepared by an Approved Actuary.
- 1.17 Accordingly, the purpose of this report (“the Report”) is to provide an opinion of the likely effect of the Scheme of Transfer on the policyholders of CTLR-UAE and Sukoon. The Report has been prepared pursuant to Section 25 of the Act.
- 1.18 The Report is provided for the use of the Bermuda Court, Sukoon, CTLR-UAE, and other affiliated companies under the Chubb Group of companies (“Affiliates”) provided that each shall be deemed a “Recipient” hereunder, for the sole purpose of considering the impact of the Scheme of Transfer on the affected policyholders and is not necessarily suitable for any other purpose.

Role of the Approved Actuary

- 1.19 I, Cindy Chou, have been appointed by CTLR to provide an Approved Actuary report for the Scheme of Transfer. My appointment as the Approved Actuary was approved by the BMA on 7 September 2023. I will lead the review and provide the opinions as part of the Approved Actuary’s report.
- 1.20 I have 19 years of experience in life insurance in US and Asia combined. I am a Fellow of the Society of Actuaries and a Director with the Insurance Consulting and Technology business of the WTW affiliate. I have Master of Commerce (Actuarial Science) from the Macquarie

University, Australia, and Master of Finance from the Boston University, U.S.A. I am in full compliance with the Continuing Professional Development requirements promulgated by the Society of Actuaries.

- 1.21 In conducting this work, I have been supported by a team of WTW colleagues that includes other qualified and experienced actuaries.
- 1.22 As an Approved Actuary, I will provide my independent opinion on the terms and likely events of the proposed transfer of all long term insurance business (“the Transferring Business”) written by CTRL-UAE.

Scope of this Report and Overall Approach

- 1.23 The scope of my review is limited to assessing, and providing opinions on, the likely impact of the Scheme of Transfer on the contractual benefits and other rights, reasonable benefit expectations, security of the benefits and service levels for the following two groups of policyholders:
- the policyholders of CLTR-UAE individual insurance contracts (“Transferring Policyholders”) whose policies (“Transferring Policies”) comprise the Transferring Business; and
 - The existing policyholders of Sukoon (“Sukoon Policyholders”) and their policies (“Sukoon Policies”).
- 1.24 CTRL also has one group life policy that covers the five Chubb employees of the Chubb-UAE branch. The group life policy will not be part of the transfer, and Chubb-UAE’s intention is to continue providing the group life coverage to the five Chubb employees until all the employee contracts have been terminated.
- 1.25 In preparing the Report, I have focused on the changes that arise from the Scheme of Transfer, rather than changes that might arise in the ordinary course of business. The scope of my work does not include assessing the impact of the Scheme on the shareholders of the Companies. I have considered the Scheme as presented to me and have not considered any other alternative scheme.
- 1.26 In reviewing the current operations of CTRL and Sukoon, I have been provided with a substantial amount of information by or on behalf of the Companies. Much of this information is confidential and/or commercially sensitive and is technical in nature. I, therefore, have not explicitly described or quoted such information in the Report unless, in my opinion, it is necessary to do so for the Court and other readers to gain a clear understanding of the potential impacts of the Scheme of Transfer on the groups of policyholders. Nonetheless I have taken this information into consideration in formulating my understanding and opinions of the Scheme of Transfer.
- 1.27 CTRL has on behalf of the Companies, provided me with a letter of representation 15 September 2023 confirming that the information provided is accurate and complete. The Companies have also confirmed that my understanding of the current situation and the Scheme of Transfer, as I have summarized in this Report, contains no material inaccuracies or gaps.

Structure of the Report

- 1.28 The structure of the Report is as follows:
- Section 1: provides an Executive Summary of my work as the Approved Actuary;
 - Section 2: describes the background to this Report;
 - Section 3: provides an overview of the businesses involved in the Scheme of Transfer;

- Section 4: provides a summary of the Scheme of Transfer;
- Section 5: describes impacts on policyholders within the Transferring Business;
- Section 6: describes impacts on policyholders of Sukoon;
- Section 7: sets out the reliances and limitations;
- Appendix A: provides a glossary of terms used in this Report; and
- Appendix B: contains a list of the information considered in forming my opinion.

Impact on the CTLR-UAE Policyholders Transferring to Sukoon

- 1.29 For the Transferring Policyholders and the Sukoon Policyholders, the security to their long term guarantees and contract obligations met by Sukoon's net shareholder assets. It is affected by the level of the reserves and the capital, together with additional security provided by the entity as a whole. Therefore, the solvency positions of the Companies prior to the Transfer and the expected overall solvency position of Sukoon following implementation of the Scheme are part of my considerations in this report. The two groups of policyholders identified above have entered into long term insurance contracts with specified contractual benefits in future events. The security of the policyholders' benefits and rights are therefore the most important consideration to the Scheme of Transfer.
- 1.30 The CTLR-UAE policyholders currently have policies backed by CTLR, a company whose level of financial resources exceeds the Bermuda regulatory capital requirements. CTLR's Bermuda Solvency Capital Requirement Ratio ("BSCR Ratio") is 155% on a consolidated basis as of 31 December 2022. The CTLR-UAE stand-alone solvency ratio in accordance with the Insurance Authority of UAE's Board of Directors' Decision Number (25) of 2014 Pertinent to Financial Regulations for Insurance Companies ("UAE Statutory Basis") is 216% as of 31 December 2022.
- 1.31 CTLR-UAE manages its funds in a highly conservative manner by either investing the General Account in Government securities or holding cash. Currently, 78% of the assets are held in government securities and 22% are held in either cash or deposits with banks in the UAE.
- 1.32 CTLR-UAE has confirmed that there are no intended changes to the policy terms that defined the contractual benefits and rights of the policyholders. CTLR-UAE has shown that:
- from a contractual standpoint, there is no change to the terms of policy contracts issued by CTLR-UAE. Therefore, same policy benefits will continue post-transfer. The insurance contracts cannot be changed without a bilateral agreement between Sukoon and the policyholder;
 - the Scheme cannot be altered unless it has the approval of the Bermuda Court and is subject to any conditions which the BMA may require or the Bermuda Court may impose.
- 1.33 After the transfer, CTLR-UAE policyholders will have policies backed by Sukoon, which has its current solvency ratio on UAE Statutory Basis of 269%, which is above regulatory and internal target capital requirements.
- 1.34 For universal life and investment linked products, reasonable expectations considerations include the crediting rate setting, payment of policy benefits when due, and the ongoing management of the policies being consistent with the policy terms and conditions.
- 1.35 According to the Scheme, the underlying methodology to the discretionary aspect of the management of the crediting rate setting will not change. I understand the Sukoon management team will retain the right to change the underlying principles and method in the future according to the economic or regulatory environment if necessary, and at all time remain in compliance with the policy contractual terms and conditions.

- 1.36 The policies in the Transferring Business are currently being administered by the staff of CTRL-UAE. Sukoon currently administers similar products of its own and is prepared to integrate the Transferring Business into their systems and provide policyholders with 24/7 access to Sukoon's insurance online and offline existing customer services. Sukoon has a dedicated in-house call centre and an extensive in-house agent network to ensure client satisfaction.
- 1.37 CTRL-UAE will procure the reinsurance treaties to be novated to Sukoon with effect from the Effective Date without any change to the terms and conditions and rates. CTRL-UAE will ensure that there is no outstanding reinsurance premium, profit sharing or profit commission. Draft agreements have already been shared with RGA and GenRe, who has given in-principle agreement to CTRL-UAE. The plan is for Sukoon to assume the treaties' obligations from the Effective Date onwards.
- 1.38 I consider that the Scheme of Transfer will have no material effect on the CTRL-UAE policyholders in respect of matters such as claims settlement, investment management, capital management, underwriting, risk management and expense levels in relation to the security of policyholder's contractual rights and levels of service provided. It is my opinion that the Transferring policyholders will not be adversely impacted by the Scheme of Transfer.

Impact on Pre-Transfer Sukoon Policyholders

- 1.39 Sukoon has confirmed that under the Scheme of Transfer there are no intended changes to the contractual benefits and rights of Sukoon Policyholders. Sukoon will follow the policy terms & conditions of the Transferring Policies.
- 1.40 After the transfer, the financial projection of Sukoon should remain above the regulatory capital requirements. Sukoon's current solvency ratio is 269% based on the Solvency Capital Requirement ("SCR"). The addition of the Transferring Business is expected to have minimal impact for the next three years since the size of the Transferring Business is significantly smaller when it is compared to the existing Sukoon business. Based on the information provided by Chubb UAE and Sukoon, I estimate the impact of adding the Transferring Business to Sukoon's existing portfolio will reduce its SCR ratio by less than 2% points.
- 1.41 All costs and expenses relating to the negotiation, preparation and effecting of the Scheme of Transfer and application for the sanction of the Scheme of Transfer, including the costs of the Approved Actuary, of counsel and the costs of correspondence with the Transferring Policyholders in respect of the long-term business of Transferring Policies incidental to the transfer will be borne by CTRL and will be paid out of its shareholder funds. The Transferring Policyholders and Sukoon Policyholders will not bear any of the costs of implementing the Scheme of Transfer

Conclusions

- 1.42 Based on the above, my opinion is that:
- The Scheme of Transfer will not materially adversely affect the contractual benefits or rights of the two groups of policyholders defined in Paragraph 1.23 in any respect;
 - The Scheme of Transfer will not materially adversely affect the reasonable benefit expectations of the two groups of policyholders in any respect;
 - The Scheme of Transfer will not materially adversely affect the security of the two groups of policyholders' benefits in any respect; and
 - The Scheme of Transfer will not materially adversely affect the expected levels of service for the two groups of policyholders in any respect.

Reliances and Limitations

- 1.43 In forming my opinions, I have relied on information provided by or on behalf of the Companies, both in writing and orally, without independently verifying it. My team and I have reviewed the information provided for general reasonableness and consistency. I consider it is reasonable to rely on these individuals because they are senior professionals employed by CTRLR-UAE and Sukoon. Reliance has been placed on, but not limited to, the information detailed in Appendix B of the Report.
- 1.44 I have obtained confirmation from CTRLR-UAE and Sukoon that, to the best of their knowledge and belief:
- All the items of data and information which have been provided to me for the purposes of this Report are accurate and complete;
 - There are no significant errors or omissions in the descriptions of this Report of the business of CTRLR-UAE and Sukoon; and
 - There are no other material items of data and information which have not been provided to me by CTRLR-UAE and Sukoon which are likely to be relevant to this Report.
- 1.45 In the Report, where I make statements about, or provide descriptions of, CTRLR-UAE's or Sukoon's current or proposed practices, these are based on the information provided to me by CTRLR-UAE and Sukoon.
- 1.46 The Report has been prepared on an agreed basis for the purposes of applying to the Supreme Court, by petition, for an order sanctioning the Scheme of Transfer, and must not be relied upon for any other purpose. It must be considered in its entirety because individual sections, if considered in isolation, may be misleading. The Report is subject to the terms and limitations including a limitation of liability, set out in the Engagement Letter.
- 1.47 The Report and the opinions have been prepared for CTRLR-UAE and Sukoon's internal use, solely for the intended purpose, and may not be referenced or distributed to any other party without WTW's prior written consent, except as provided in paragraphs 1.49, 1.50, 7.5 and 7.6.
- 1.48 The Report is provided for the use of the Supreme Court of Bermuda, Sukoon, CTRLR-UAE and their respective policyholders, Chubb Limited and other affiliated companies under the Chubb Group of companies, as well as the CTRLR-UAE's attorneys, the Bermuda Monetary Authority and the CBUAE, for the sole purpose of considering the impact of the Scheme of Transfer on the affected policyholders and is not necessarily suitable for any other purpose.
- 1.49 WTW also consents to a copy of the Report (in its entirety only) or a summary of the Report being distributed to, or made available for inspection by, policyholders in connection with the Scheme of Transfer, or posted onto a website of CTRLR-UAE and/or Sukoon upon request, provided that the following wording is included at the start of the Report: "This report is provided to CTRLR-UAE and their related entities Chubb Limited and Sukoon, solely for their use and for the specific purpose indicated. Reproduction in whole or part of this material is strictly prohibited. It should not be relied on as a substitute for specific advice. Therefore, no responsibility for loss occasioned to any person other than our clients as a result of acting or refraining from acting on the contents of or information contained in the Report can be accepted by WTW".
- 1.50 Draft versions of the Report must not be relied upon by any person for any purpose. No reliance should be placed on any advice not given in writing. If reliance is placed contrary to the guidelines set out herein, WTW disclaims any and all liability which may arise.
- 1.51 The Report must not be construed as legal, investment or tax advice.
- 1.52 Figures in all tables in the Report are subject to rounding differences.

- 1.53 All currency amounts in the Report are in United States dollars. Any currency conversions are based on an exchange rate of 0.27229 USD for 1 AED.

Legal Jurisdiction

- 1.54 The Report is governed by and interpreted in accordance with the laws of Bermuda and the Parties submit to the exclusive jurisdiction of the courts of Bermuda in connection with all disputes and differences arising out of, under or in connection with the Report.

Section 2: Background

- 2.1 CTLR is a Bermuda exempted company and registered as a Class 3A insurer under the Act effective 15 January 2010 and a Class E insurer under the Act effective 27 September 2011.
- 2.2 CTLR-UAE is operating under CTLR with branches at Sharjah and Dubai, which are licensed by the CBUAE (registration no. 081) to conduct life insurance business in the UAE. Chubb has been carrying out business in the UAE since 2007. Initially registered as a branch of Chubb Life Insurance Company (USA), CTLR-UAE is registered as a branch of CTLR, a company based in Bermuda under Insurance Authority registration number 81.
- 2.3 CTLR proposes to transfer the business of its UAE Branch to Sukoon. This transfer will be subject to Bermuda law pursuant to Section 25 of the Act. Sukoon is an insurance company licensed by the CBUAE (registration no. 009) to conduct general and life insurance operations in the UAE.
- 2.4 Under the Scheme of Transfer, CTLR will transfer all assets and liabilities as at the Effective Date that covers both the investment contract liabilities and insurance liabilities. The discretionary assets will also be transferred entirely and are assumed to cover for the guaranteed funds of the investment contract liabilities.
- 2.5 In addition, CTLR and Sukoon are required to seek all necessary regulatory consents and approvals from the CBUAE in accordance with the UAE Federal Law No. 6 of 2007 ("UAE Insurance Law"). They are also required to make a public announcement of the Scheme of Transfer. Policyholders are given a period of forty-five days in which they can object.
- 2.6 Under the provisions of Bermuda law, CTLR must apply to the Supreme Court of Bermuda by petition, for an order sanctioning the Scheme of Transfer. The Act requires the petition to be accompanied by a report on the Scheme of Transfer to be prepared by an Approved Actuary. Under the UAE Insurance Law, CTLR-UAE will publish a Financial Condition Report ("FCR") to be peer reviewed by a qualified actuary registered with the CBUAE. CTLR must also obtain the "no-objection" of the BMA to the Scheme of Transfer.
- 2.7 WTW has been engaged by CTLR-UAE to perform the role of Approved Actuary as required under Section 25 of the Act.
- 2.8 WTW has nominated me, Cindy Chou, to be the Approved Actuary and to prepare the required report for the Scheme of Transfer pursuant to Section 25 of the Act. My appointment as the Approved Actuary in connection with the Scheme of Transfer was approved by the BMA on 7 September 2023.
- 2.9 The intended timing of the Transfer is end of Q1 2024. The actual Effective Date is subject to regulatory and Court approvals.

Statement of Independence

- 2.10 Neither I, nor any member of my immediate family, hold any shares, have any contracts of insurance, or have any other financial interest in the legal entities involved in the Scheme of Transfer, or with any companies of Chubb Limited or Sukoon.
- 2.11 Chubb & Son, for itself and as servicer for The Chubb Corporation and as manager or servicer of the subsidiaries and affiliates of The Chubb Corporation ("Chubb Group"), and WTW entered into a Master Consulting Services Agreement dated 25 September 2013, as amended by Amendment No 1 dated July 3, 2019, between Chubb & Son and WTW. Willis Towers Watson has a range of working relationships with the Chubb Group. However, I do not consider that the nature of these relationships impacts on my ability to act as the Approved Actuary for the Scheme of Transfer.

- 2.12 I am not aware of any other actual, potential or perceived conflicts that prevent me from objectively fulfilling the role of the Approved Actuary for the Scheme of Transfer.

Methodology

- 2.13 The Report is intended to aid the Supreme Court of Bermuda's deliberations as to whether the Scheme of Transfer should be approved. In reporting on the Scheme of Transfer in accordance with Section 25 of the Act, I owe a duty to the Supreme Court to help the Supreme Court on matters within my expertise. This duty overrides any obligation to any person from whom I have received instructions or by whom I am paid. I have complied, and continue to comply, with this duty.
- 2.14 In accordance with the scope of my review, I have considered whether the Scheme of Transfer properly and adequately safeguards the contractual benefits and other rights of the two distinct groups of affected policyholders:
- the Transferring Policyholders; and
 - the Sukoon Policyholders
- 2.15 I have also considered if the security of their policy benefits and the expected levels of service would be adversely affected if the Scheme of Transfer were implemented.
- 2.16 I am required to comment on the impact of the Scheme of Transfer on the existing policyholders of the Parties. My Report is not concerned with possible alternatives to the Scheme of Transfer or with the potential impact of the Scheme of Transfer on future policyholders of the Parties.
- 2.17 For the purposes of the Report, I have regarded a matter as being not material for a group of policyholders if, in my view, that matter has such a small impact or potential impact that it is inconsequential or not relevant for that group of policyholders considered as a whole.
- 2.18 My opinions on the security of policyholders' benefits are based on financial information as of 31 December 2022, and consideration of the impact of the Scheme of Transfer that takes place in 2023. I have relied on CTLR-UAE to provide me information / events during year 2023 that could materially impact the financials.
- 2.19 In forming my opinions, I have distinguished between changes arising under the Scheme of Transfer and changes that might arise in the normal conduct of the business, with and without the Scheme of Transfer taking place. In my view, the normal safeguards under the Act and current regulations in each jurisdiction, should serve to protect the interests of the policyholders of CTLR-UAE and Sukoon in case of these latter changes. Therefore, in my view, only changes arising as part of the Scheme of Transfer, and which could not occur in the normal conduct of the business, have relevance for my opinions, and I have formed my opinions accordingly.
- 2.20 This review does not comprise an audit of the financial resources and liabilities of CTLR-UAE or of Sukoon.
- 2.21 I have not evaluated the systems and controls currently operated by CTLR-UAE or Sukoon.

Section 3: Overview of businesses

Chubb Tempest Life Reinsurance Ltd. (CTLR)

- 3.1 CTLR was incorporated as a Bermuda exempted company on 13 October 2000 and registered as a Class 3A insurer under the Act effective 15 January 2010 and a Class E insurer under the Act effective 27 September 2011.
- 3.2 CTLR is 100 percent owned by Chubb Group Management and Holdings Ltd. (Bermuda) and its ultimate controlling parent is Chubb Limited, a Swiss company listed on the New York Stock Exchange (Ticker: CB)
- 3.3 CTLR provides life and annuity reinsurance, and through its wholly owned subsidiary Chubb Tempest Reinsurance Ltd. (“CTR”), property catastrophe, property, casualty and accident and health reinsurance for a diverse group of customers worldwide, primarily for affiliated companies within the Chubb Group.

Financial Position (CTLR on Consolidated BSCR)

- 3.4 CTLR reports its financials under the Bermuda Economic Balance Sheet (“EBS”) framework that determines the solvency requirements under Minimum Solvency Margin (“MSM”) and the Bermuda Solvency Capital Requirement (“BSCR”). The higher of the MSM and BSCR is defined as the Enhanced Capital Requirement (“ECR”). The Bermuda Monetary Authority (“BMA”) requires holding at least a target capital level of 120% of the ECR for Class E insurers. The regulatory BSCR coverage ratio as of 31 December 2022 for CTLR on a consolidated basis was 155%.

Table 3.1: Enhanced Capital Requirement and Target Capital Level for CTLR as of 31 December 2022

\$ Millions	CTLR
Minimum Solvency Margin (MSM)	1,424
Enhanced Capital Requirement (ECR)	5,698
Target Capital Level (120% of the ECR)	6,838

Table 3.2: BSCR Ratio for CTLR as of 31 December 2022

\$ Millions	CTLR
Enhanced Capital Requirement (ECR)	5,698
Statutory Capital and Surplus	8,816
BSCR Ratio	155%

- 3.5 I observed that the BSCR ratio has decreased over the years due to remittances CTLR has made to its parent company to assist with other company-wide acquisitions. During the years ending December 31, 2022 and 2021, dividends amounting to \$4.9 billion and \$1.9 billion, respectively were declared and paid. However, the BSCR ratio remains above the regulatory requirements and company’s target capital level. The available capital has remained in excess of the Commercial Insurer’s Solvency Self-Assessment (“CISSA”) capital assessed by the company itself, and in excess of the ECR. As of December 2022, the BSCR ratio remains above the regulatory requirements and company’s target capital level at 155%.

Transferring Business

- 3.6 CTLR has operated in UAE through the Sharjah (Main Branch) and Dubai Branch since 2007.

- 3.7 CTLR-UAE has life insurance licenses in the Emirates of Sharjah and Dubai. It has sold life, accident and health, savings and investment products through the Sharjah branch, and life insurance, and credit & savings insurance through the Dubai branch. The Transferring Business includes a portfolio of long-term individual life insurance, which it has ceased issuing new business after 2012. The table below summarizes the in-force policies and the reserves:

Table 3.3: CTLR-UAE In-force Statistics and Reserves (Annual Premium, Coverage Amount and Net Reserves in \$000s) as of December 31, 2022

Product	Policy Count	Annual Premium	Coverage Amount	Net Reserves
Accidenta / PA	1	0	75	0
Credita	1	18	5,050	20
Infinity	78	828	44,950	4,296
Investa	87	239	9,775	2,517
Protecta	10	137	13,027	955
Serentiy	35	143	4,711	435
Serenity Critical Illness	1	1	25	1
Group Life	1	2	688	0
Riders	NA	NA	NA	1
Grand Total	214	1,368	78,302	8,224

- 3.8 Below is a description of the products:

- Accidenta / PA products provide benefits on accidental death or injury. The coverage duration is one year and renewals are allowed.
- Credita is a traditional decreasing term product and is similar to Protecta. However, the sum insured decreases every policy year. This product is designed to cover mortgage loans. Premiums are payable for two thirds of the policy term. There is no maturity value or surrender value.
- Infinity: Individual and joint-life flexible premium unit linked life insurance contract, where the policyholder has the option to invest in either the Chubb guarantee fund or in an external fund or using a combination of both guarantee fund and external fund. Premiums payable are flexible such that the minimum amount needed is to cover risk only for the first 20 years of the policy. Mortality and expense charges are taken out of the account on the monthly anniversaries. Maturity is on attaining age 95. Policyholders have the option of selecting two death options: 1) the higher of the account value or the face amount or 2) the account value plus the face amount. The product was distributed through brokers.
- Investa: Universal life product, with interest credited on a daily basis, and mortality and expense charges taken out of the account on the monthly anniversaries. Premiums are payable for a minimum of 10 years or until maturity or death. The maturity is on attaining age 85, and the maturity benefit is the account value. Policyholders have the option of selecting two death options: 1) the higher of the account value or the face amount or 2) the account value plus the face amount. The product was distributed mainly through CTLR-UAE's own agents.
- Protecta: Traditional level term product, available for ages 18 to 64 and for terms 5 years to 45 years. Premiums are payable throughout the term of the product or until death. On death during the term while the policy is in force, the sum assured is payable. There is no maturity value or surrender value.

- Serenity: similar to Infinity but includes joint life coverage and was sold through CTLR-UAE's agents.
- Serenity Critical Illness is a limited premium traditional product that pays lump sum benefits on accidental death or onset of a specified illness.

Financial Position (CTLR-UAE on UAE Statutory Basis)

- 3.9 CTLR-UAE is required to report financials per UAE Statutory Basis. CTLR-UAE is required to calculate the technical provisions consisting of the unearned premium reserves, unexpired risk reserves, outstanding loss reserves, incurred but not reported reserves, allocated loss adjustment expense and unallocated loss adjustment expense reserves, and mathematical reserves.
- 3.10 The mathematical reserves are the most significant component of the technical provisions. An actuarial certification on mathematical reserves is required at least annually. Mathematical reserves are defined in addendum(2) of the Insurance Authority of UAE's Financial Regulations for Insurance Companies.
- 3.11 The table below summarizes the balance sheet of CTLR-UAE on a UAE Statutory Basis.

Table 3.4: Balance Sheet of CTLR-UAE as of 31 December 2022 (\$000s)

	CTLR UAE
<i>Assets</i>	
Cash and cash equivalents	831.0
Due from related parties	225.2
Investments for policyholders	4,017.3
Insurance and other receivables	180.9
Available-for-sale investments	3,027.4
Statutory deposit	1,169.1
Total Assets	9,450.9
<i>Liabilities</i>	
Due to related parties	2.6
Insurance and other payables	674.8
Unearned premium reserve	10.6
Insurance contract reserve	8,093.8
Provision for employees' end of service benefits	112.4
Total Liabilities	8,894.2
Total Equity	556.8
Total Equity and Liabilities	9,450.9

- 3.12 The table below summarizes the income statement of CTLR-UAE on a UAE Statutory Basis.

Table 3.5: Income statement of CTLR-UAE for the full year ending 31 December 2022 (\$000s)

	CTLR UAE
Gross Written Premium	836.6
Reinsurance Ceded	(420.2)
Net Premiums Earned	416.5
Surrender and Claims	(366.9)
Change in Insurance Contract Reserve	3,010.03
Insurance Benefits and Claims – Net	2,643.1
Expenses for the acquisition of insurance contracts	(4.0)
Ceded Commission Income	82.7

Net Unrealized Gain / (Loss) on Investments	(1,412.7)
Net Realized Gain / (Loss) on Investments	(54.3)
Salaries and Benefits	(289.5)
Net Underwriting Income (Loss)	1,381.8
Interest Income	79.6
Other Operating Expenses	(415.4)
Total Profit / (Loss)	1,046.0
Net Changes in Fair Value	76.8
Transfer of Realized Loss on Disposal of AFS	54.3
Total Comprehensive Profit / (Loss)	1,177.1

- 3.13 CTLR-UAE's Solvency Capital Requirement ("SCR") on the UAE Statutory Basis is calibrated to ensure that all quantifiable risks to which CTLR-UAE is exposed to are considered. It corresponds to a 99.5% Value-at-Risk over a one-year period, which is to cover a 1-in-200 year event.
- 3.14 The table below summarizes the CTLR-UAE solvency requirement.

Table 3.6: Solvency requirement for CTLR-UAE as of 31 December 2022 (\$000s)

Solvency Requirement	CTLR UAE
(1) Minimum Capital Requirement (MCR)	27,229
(2) Solvency Capital Requirement (SCR)	2,128
(3) Minimum Guarantee Fund (MGF)	1,089
(4) Basic Own Funds	27,229
(5) Ancillary Own Funds	31,600
(4) - (1) MCR Solvency Margin – Surplus / (Deficit)	-
(5) - (2) SCR Solvency Margin - Surplus / (Deficit)	29,472
(5) - (3) MGF Solvency Margin – surplus / (Deficit)	30,511

- 3.15 The SCR and Minimum Guarantee Fund ("MGF") requirements are lower than the Minimum Capital Requirement ("MCR"). Therefore CTLR-UAE is holding its Basic Own Funds equal to the MCR in order to satisfy the solvency requirements. The Basic Own Funds consists primarily of a letter of credit backed by CTLR.

Investment Management

- 3.16 CTLR-UAE has adopted very conservative investment strategy on a buy-and-hold basis. The policyholder funds that are allocated to the guaranteed Chubb fund are currently invested into two UAE sovereign bonds at a yield that supports the minimum guaranteed rate of return for the Transferring Policies.
- 3.17 For the Unit linked non-discretionary products such as Infinity and Serenity, CTLR-UAE utilizes a variety of third-party mutual funds to provide policyholders with the opportunity to establish an asset allocation and strategy to meet their individual investment needs and risk tolerance. Policyholders directly bear all of the risk associated with these funds.
- 3.18 Operating cash is maintained at a minimal level with an objective to have the portfolio invested in longer term assets. The short-term assets are managed as an accumulation account to provide for purchase of long-term assets.
- 3.19 The table below shows the actual asset allocation for 2022.

Table 3.7: Planned Asset allocation for CTRL-UAE for 2022

Assets Type	Range	Asset Allocation
a) Fixed Income – Government Bond and Government Guaranteed Bond	0% to 100%	60%
b) Fixed Income – Corporate	0	0%
c) Time Deposit	No Limit	20%
d) Equity	0	0%
e) Cash	No Limit	20%
Total		100%

Enterprise Risk Management Framework

- 3.20 CTRL-UAE only has five employees and thus a dedicated Enterprise Risk Management (“ERM”) function does not exist for CTRL-UAE. CTRL-UAE relies on CTRL for its ERM framework.
- 3.21 CTRL-UAE uses a “Three Lines of Defence” risk governance model which comprises day-to-day risk management and controls, risk management oversight and independent assurance.
- First line: Directly responsible for management and risk control, usually at the legal entity and/or business unit level.
 - Second line: the groups that are responsible for ongoing monitoring and challenging of the design and operation of the controls in the first line of defence, as well as providing advice/expertise and facilitating risk management activities.
 - Third line: the groups that are responsible for independent assurance over the management of risks, including challenge of the first and second lines.
- 3.22 The CTRL-UAE Risk Management Framework (“RMF”) provides a process to identify material risk exposures based on the risk profile. Risk identification involves knowledge of the different risks to which CTRL-UAE has exposure as a result of its business profile and the external environment. On a more granular level, CTRL-UAE maintains and tracks a corporate set of risk sources that are applicable at CTRL-UAE, where a risk source refers to exposures that may adversely impact business objectives.
- 3.23 CTRL-UAE performs a risk assessment of its strategic business plan each year and identifies key risks that may impair achievement of that plan. The RMF articulates CTRL-UAE’s process for managing emerging risks that incorporates the following: timely identification, early strategies to address concerns, assessing the likely emergence and impact over time.
- 3.24 CTRL-UAE has material risk exposures to:
- Pandemic risk (mortality catastrophe event): Impacts mortality claims that can be adversely impacted by an outbreak of a viral pandemic. Since CTRL-UAE has stopped selling new business, its exposure is declining.
 - Regulatory risk: The risk that a change in accounting or solvency regulations will result in higher policy reserves, higher required capital, and/or higher collateral requirements. CTRL-UAE will receive capital injections from its parent CTRL if needed.
 - Reinsurance counter-party risk: Since all amounts over \$25,000 are reinsured, a large proportion of risk is reinsured which introduces a potential counterparty risk, but this is

mitigated by the use of two different reinsurance partners each with favourable credit ratings. The reinsurance partners are rated by S&P at AA- or above.

Crediting Rate Methodology

- 3.25 Policyholders of the Transferring Business that have investment linked policies (Serenity, Infinity) or universal life policies (Investa) have the right to choose between external funds, or internal funds with a minimum guaranteed crediting rate of either 3% or 4% depending on the product, subject to conditions as per the terms and conditions stipulated by the underlying contracts. Currently, CTLR-UAE credits the policyholders the minimum guaranteed rate on a daily basis.

Operating Model

- 3.26 Currently, CTLR-UAE has five employees. Following the Transfer, the Transferring Business will be administered by a new service team composed of Sukoon professionals and will utilize Sukoon's existing insurance and IT infrastructure.

Recent Significant Events

- 3.27 There have been no significant events affecting CTLR-UAE since 31 December 2022 that would change the conclusion of the Report.

Existing Policyholders of Sukoon

- 3.28 Sukoon has been operating in the UAE since 1975 and writes all lines of property and casualty, medical and life insurance. It has 6 branches in UAE and 1 in Oman along with 2 agency managed branches in Sharjah and Dubai. Sukoon ranks third largest insurance company in terms of gross written premiums in UAE. In 2022, Sukoon has seen a 24% growth of gross premiums from 2021.
- 3.29 Sukoon's current portfolio consists of similar products to Chubb UAE. Below is a description of Sukoon's products:
- Unit linked non-discretionary life products with underlying fund options from Franklin Templeton – These are unit linked life insurance products where the policyholder has a choice of investing in the underlying Franklin Templeton funds based on their choice and investment objectives.
 - Traditional term life products – These are pure risk-based protection products which have no cash values. In case of death, the lump sum assured is paid out to the beneficiaries.
 - Traditional personal accident product – These are pure risk-based protection products which have no cash values. In case of accidental death, the lump sum assured is paid out to the beneficiaries.
 - Critical Illness riders – These are riders attached to the main policy where a lumpsum sum assured is paid out in case of a policyholder diagnosed with a list of defined critical illness.
 - Accidental death benefit riders attached to the main policies – Double indemnity benefit in case of death due to accident.
 - Permanent total disability riders attached to the main policies – Benefit paid in case of permanent total disability claim.

- Waiver of premium rider – Future premiums waived in case of permanent total disability.

Financial Position

- 3.30 Sukoon is required to report under the UAE Statutory Basis. The following are the actuarially derived technical provisions and the same are reported in the financial statements for the year ended December 31, 2022:

Table 3.8: Technical Provisions of Sukoon of 31 December 2022 (\$000s)

Component of Technical Provision	Gross	Net of Reinsurance
Unearned premium reserve	487,701	182,009
Outstanding loss reserve	589,982	138,254
Mathematical reserve	28,912	22,407
Unit mathematical reserve	285,265	285,265
Incurred but not reported reserve	142,310	54,511
Unallocated loss adjustment expense reserve	2,115	2,115
Total	1,536,286	684,560

Table 3.9: Non-Life Technical Provisions of Sukoon of 31 December 2022 (\$000s)

Component of Technical Provision	Gross	Net of Reinsurance
Unearned premium reserve	478,954	177,594
Outstanding loss reserve	576,610	134,568
Incurred but not reported reserve	138,539	53,020
Unallocated loss adjustment expense reserve	2,056	2,056
Total	1,196,158	367,238

Table 3.10: Life Technical Provisions of Sukoon of 31 December 2022 (\$000s)

Component of Technical Provision	Gross	Net of Reinsurance
Unearned premium reserve	8,747	4,415
Outstanding loss reserve	13,373	3,686
Mathematical reserve	28,912	22,407
Unit mathematical reserve	285,265	285,265
Incurred but not reported reserve	3,771	1,491
Unallocated loss adjustment expense reserve	59	59
Total	340,127	317,322

- 3.31 The table below summarizes the consolidated balance sheet of Sukoon on a UAE Statutory Basis.

Table 3.11: Balance Sheet of Sukoon as of 31 December 2022 (\$000s)

	Sukoon
Assets	
Real estate investments	126,571.3
Investments at amortized cost	403,396.5
Investments carried at fair value through profit or loss and accrued income	4,972.7
Investments through other comprehensive income	157,771.4
Cash & cash equivalents (incl. Deposits)	214,677.9
Other invested assets	382,511.8
Reinsurance recoverable	851,725.6
Reinsurance receivables	76,335.9

Insurance receivables	108,031.3
Other receivables and prepayments	89,519.0
Deferred policy acquisition costs	49,271.5
Property, machinery and equipment	34,580.8
Statutory deposits	50,126.2
Intangible assets	712.8
Total Assets	2,550,204.7
<i>Liabilities</i>	
Unearned premium reserve	487,700.4
Outstanding loss reserve	589,982.5
Incurred but not reported reserve	142,310.0
Unallocated loss adjustment expense reserve	2,115.1
Mathematical reserve	314,177.3
Total Technical Provisions	1,536,285.4
Premiums collected in advance	70.0
Insurance payable	37,059.2
Reinsurance payables	167,169.1
Unearned reinsurance commissions	23,193.0
Accrued expenses and other liabilities	105,211.8
End of service indemnity	11,242.8
Total Liabilities	1,880,231.2
Total Equity	669,973.5
Total Equity and Liabilities	2,550,204.7

3.32 The table below summarizes the consolidated income statement of Sukoon on a UAE Statutory Basis.

Table 3.12: The income statement of Sukoon for the full year ending 31 December 2022 (\$000s)

	Sukoon
Gross Written Premium	1,195,316.1
Reinsurance Ceded	767,566.1
Change in Net Unearned Premium Reserve	10,480.0
Net Premiums Earned	417,269.9
Net Claims & Claim Related Expenses Paid	266,040.9
Change in Net Outstanding Loss Reserve	7,065.6
Change in Net Incurred but Not Reported Reserve	(7,907.2)
Change in Net Unallocated Loss Adjusted Expense Reserve	100.4
Change in Net Mathematical Reserve	166,554.6
Net Claims & Claim Related Expenses Incurred	431,854.2
Direct Commissions Paid	73,218.9
Assumed Business	28,417.5
Reinsurance Ceded	64,805.0
Change in Net Deferred Acquisition Cost	5,319.9
Net Commissions Incurred	31,511.4
Other Acquisition Expenses	8,690.9
General Expenses	62,728.5
Taxes, Licenses and Fees	7,730.7
Other Underwriting Expenses	79,150.1
Net Underwriting Income (Loss)	(125,245.9)
Earned Income from Real Estate Investments	2,127.9
Earned Income from Other Investments	36,246.7
Net Realized Gain / (Loss) on Investments	56.1

Net Unrealized Gain / (Loss) on Investments	(560.3)
Adjustment for Impaired Investments	382.2
Investment Expenses	3,932.7
Net Investment Income	34,319.9
Other Operating Income	13,157.7
Other Operating Expenses	(138,652.6)
Total Profit / (Loss)	60,884.3
Other Comprehensive Profit / (Loss)	27,346.3
Total Comprehensive Profit / (Loss)	88,230.6

3.33 The table below summarizes the Sukoon local solvency requirement.

Table 3.13: Solvency requirement for Sukoon as of 31 December 2022 (\$000s)

Solvency Requirement	Sukoon
(1) Minimum Capital Requirement (MCR)	27,229
(2) Solvency Capital Requirement (SCR)	222,525
(3) Minimum Guarantee Fund (MGF)	130,110
(4) Basic Own Funds	599,614
(4) - (1) MCR Solvency Margin – Surplus / (Deficit)	572,385
(4) - (2) SCR Solvency Margin - Surplus / (Deficit)	377,089
(4) - (3) MGF Solvency Margin – surplus / (Deficit)	469,504
(4) / (1) Solvency Ratio (Basic Own Funds / MCR)	2202%
(4) / (2) Solvency Ratio (Basic Own Funds / SCR)	269%
(4) / (3) Solvency Ratio (Basic Own Funds / MGF)	461%

3.34 Sukoon has a solvency ratio of 269% based on SCR; which is the lowest of the three measures stipulated and hence the applicable capital requirement as at the December 31, 2022.

3.35 The solvency position has remained above 260% since YE 2020. The solvency ratio of 269% accounts for the impact of the proposed dividend pay-out (the solvency ratio pre-dividend payment is 281%). This is above the minimum regulatory requirement of 100% and Sukoon's own internal target of 220%.

3.36 As a function of their own internal enterprise risk management function, Sukoon defines its entity level risk appetite through setting the following internal capital targets:

- Target Capital: Maintain Sukoon's own internal capital at 220%.
- Rating Agency Target Capital: Maintain >25% BCAR at the 99.6% confidence level (AM Best "A" Rating), >120% CAR (S&P "A-" Rating) and capital adequacy as per Moody's requirements ("A2" Rating). Risk Appetite is set to ensure that a BCAR (AM Best Rating Calculation), CAR (S&P Rating calculation) score and score as per Moody's capital adequacy calculation is maintained (equals to "A", "A-" financial strength ratings).
- Target capital to withstand Target Risk Profile at 1:10 & 1:200 levels: The aggregate entity level risk profile is assessed at the 1:10 and 1:200 loss points. This allows the Board to understand and control 's risk profile in line with both extreme tail events (1:200 capital depletion) and less severe earnings volatility (1:10, capital erosion).

3.37 Tables below summarize the sensitivity analysis of mortality and discount rate for long term products. The results show minimal impact on reserves from the mortality and interest rate movements.

Table 3.14: Sensitivity results for Sukoon as of 31 December 2022 (\$000s)

Category	Base	10% Increase In Mortality	10% Decrease In Mortality
Net Mathematical And Non-Unit Reserve	307,672	307,817	307,526
Difference	-	145	(146)
Percentage Increase / (Decrease)	-	0.05%	-0.05%

Category	Base	0.75% Increase In Discount Rate	0.75% Decrease In Discount Rate
Net Mathematical And Non-Unit Reserve	307,672	307,122	308,263
Difference	-	(550)	591
Percentage Increase / (Decrease)	-	-0.18%	0.19%

Investment Management

3.38 The below table shows the Investment portfolio distribution and the impact of admissibility limits over the three years (2020-2022). The admissible assets to total assets ratio stand at 98%, which is in a similar range to 2021.

Table 3.15: Investment Portfolio and Admissibility as of 31 December 2022 (\$000s)

Description	Admissible Invested Assets			Inadmissible Invested Assets		
	2020	2021	2022	2020	2021	2022
Real estate investments	122,453	126,024	126,571	-	-	-
Equity Instruments within UAE	72,572	78,329	68,645	1,757	2,118	5,568
Equity Instruments outside UAE	47,035	82,226	88,046	-	10	37
Government Securities / Instruments within UAE	187,442	166,055	163,131	-	1,012	1,241
Government Securities / Instruments outside UAE A Rated Countries	21,517	31,002	47,734	3,036	884	261
Cash and Deposits with Banks within UAE	179,053	156,838	214,678	-	-	-
Loans, Deposits and Other Instruments that are A Rated	168,304	177,119	190,982	1,969	1,562	47
Other invested assets	178,549	198,020	382,512	3,019	2,449	-
Accrued investment income	63	332	447	-	-	-
Total Invested Assets	976,989	1,015,945	1,282,746	9,782	8,034	7,155

3.39 All the investment categories are in compliance with the local requirements, apart from some counterparty sub-limit hit on equities and loans and deposits which is rendering a small portion of these categories inadmissible.

3.40 There is a reasonable level of diversification in the constituents of the admissible asset portfolio, with no single asset class showing very high concentration.

Enterprise Risk Management

3.41 Sukoon's Risk Management framework is largely aligned with CTLR-UAE, which provides the basis for the management of all risks in a way that supports long-term viability and value

creation. It believes that a strong, effective and embedded risk management framework is crucial to maintaining successful business operations and delivering sustainable, long-term profitability.

3.42 Sukoon seeks to ensure through strategic management of these risks and the processes around them that:

- Risks assumed are acceptable.
- Assumed risks result directly from a conscious decision-making process; and
- Risk ownership and decisions are delegated to the appropriate persons and/or bodies within.

3.43 Sukoon's ERM ensures that appropriate contribution is received at all levels of management and staff to the processes of identifying, assessing, managing, monitoring and reporting risks. All employees have a responsibility to manage risk. The "Three Lines of Defence" model for risk management is shown below:

- **First Line of Defence (Risk takers):** Composed of business divisions and corporate functions that originate risks and have primary responsibility for managing risks, including identifying, assessing, controlling, monitoring, and reporting risk quantities.
- **Second Line of Defence (Risk oversight providers):** Composed of ERM function and other assurance functions, such as Compliance, which perform independent risk assessments; ERM, as an independent function, undertakes a review and challenge covering the First Line of Defence. The Second Line of Defence also partners with the business in providing advice, guidance and challenge in managing their risks.
- **Third Line of Defence (Risk assurance providers):** Internal Audit Department comprises the independent assurance provided to the Audit Committee of the Board and any external auditor.

3.44 The governance structure has two distinct levels of committees, Board committees and Executive Risk committees and is designed to support Sukoon's efforts in embedding a strong risk culture through the integration of risk management with regulatory requirements and business activities such as strategy and planning.

3.45 Each of these committees has a distinct role to play within Sukoon's risk governance framework. The role of the Executive Risk Committee ("ERC") is to challenge, oversee and monitor the management of risks within Sukoon to ensure they are being managed within the risk governance requirements and risk appetite.

3.46 The ERC is comprised of the following members: Chief Executive Officer, Head of Finance and Administration, Head of Legal and Compliance, Head of Internal Audit, Head of Actuarial, Head of Risk, Head of Customer Operations, Head of Reinsurance. The ERC may invite other staff members, such as subject matter experts and heads of lines of business, on a need basis.

3.47 The top risks are reflected in the risk management policy and risk appetite document that include insurance risk, credit risk, market and operational risks. Sukoon conducts a number of stress testing scenarios on these risks. A total of 24 deterministic stress scenarios are conducted. Stress testing is conducted based on three starting capital positions of 268% 220% and 190%. Sukoon has found that in all of the starting capital positions, Sukoon is well capitalized to reasonably absorb the shocks from the various 24 stress scenarios. In the 268% and 220% starting capital positions, the post shock solvency level remains above the regulatory minimum of 100% solvency ratio. In the 190% starting capital position, only one of the 24 stress scenarios result in a solvency position below the regulatory minimum of 100%.

Crediting Rate Methodology

- 3.48 Sukoon will set the crediting rate policy based on the terms and conditions stipulated by the underlying contracts. Policyholders of the Transferring Business that have investment linked policies (Serenity, Infinity) or universal life policies (Investa) have the right to choose between external funds, or guaranteed Chubb fund with a minimum guaranteed crediting rate of either 3% or 4% depending on the product, subject to conditions as per the terms and conditions stipulated by the underlying contracts. Currently, CTLR-UAE credits the policyholders the minimum guaranteed rate on a daily basis. The policyholder funds that are allocated to the guaranteed Chubb fund are invested into two UAE sovereign bonds at a yield that supports the minimum guaranteed rate of return for the Transferring Policies.
- 3.49 While the underlying principles and methods to the discretionary aspect of the management of the crediting rate setting will not change after the transfer, I understand the Sukoon management team will retain the right to change the underlying principles and method in the future according to the economic or regulatory environment if necessary, and at all times remain in compliance with the existing policy terms and conditions.

Recent Significant Events

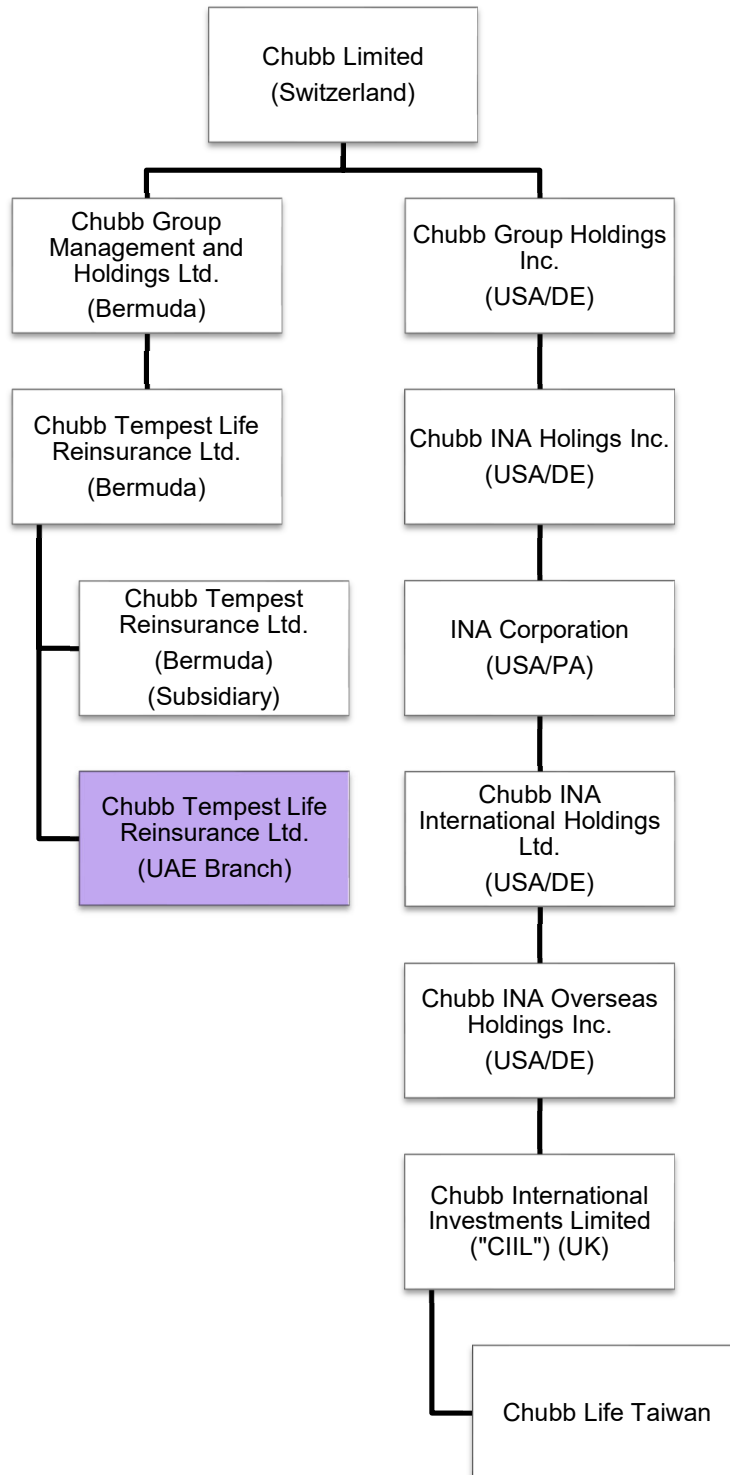
- 3.50 There have been no significant events affecting Sukoon since 31 December 2022 that would change the conclusion of the Report.

Section 4: The Scheme of Transfer and applicable regulatory processes

Summary of the Scheme of Transfer

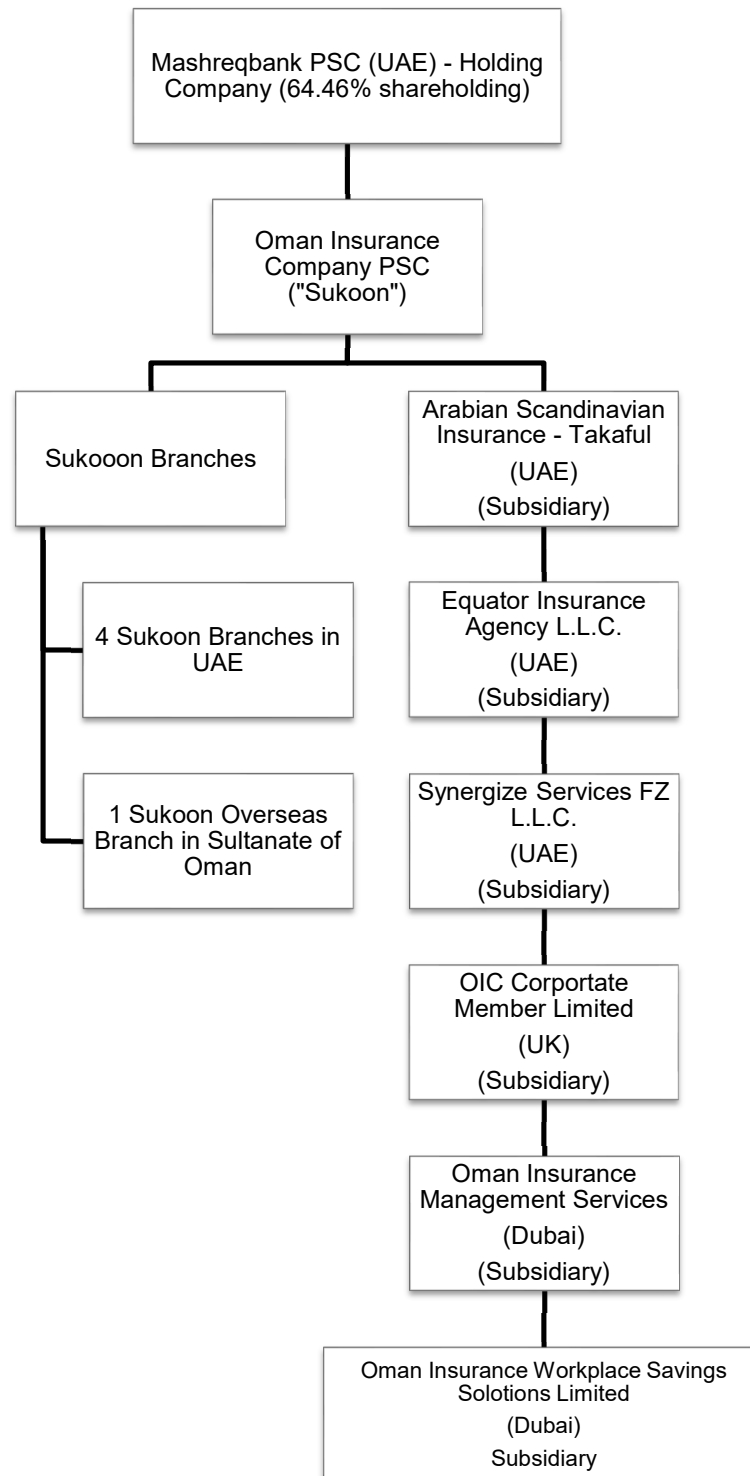
- 4.1 CTLR proposes to transfer the long-term business of CTLR-UAE to Sukoon. This will be effected by a scheme of transfer (“Scheme of Transfer”) under Bermuda law pursuant to Section 25 of the Act. (The Parties have previously entered into a “Portfolio Transfer Agreement” dated 24 August 2023, relating to the transfer of the Transferring Business, which will be given effect to under Bermuda law by the Scheme of Transfer.)
- 4.2 On the Effective Date, Sukoon will assume all the rights, liabilities, and obligations under Transferring Business. Additionally, Sukoon will receive all outstanding premiums, commissions or other amounts due to or from policyholders, beneficiaries or brokers.
- 4.3 Assets that will be transferred to Sukoon at the Effective Date will equal the sum of investment contract liabilities and the insurance liabilities. The discretionary assets will be transferred entirely and are assumed to cover for the guaranteed fund part of the investment contracts. Further, all the Custodian Agreements will be novated to Sukoon with effect from the Effective Date if required where required.
- 4.4 The intended timing of the Transfer is end of Q1 2024. The actual Effective Date is subject to regulatory and Court approvals.
- 4.5 Figure 4.1 below provides an overview of the corporate structure before the Effective Date. CTLR-UAE, highlighted in purple, is the Transferring Business.

Figure 4.1 Simplified Corporate Structure of Chubb Entities before the Effective Date



- 4.6 Figure 4.2 below provides an overview of Sukoon's corporate structure. The CTRLR-UAE will be merged with the existing business of Sukoon.

Figure 4.2 Corporate Structure after the Effective Date



Product Changes

- 4.7 I understand from CTLR-UAE that under the Scheme of Transfer, there will be no change to the contractual benefits and other rights and obligations of Transferring Policyholders. Sukoon will follow the policy terms and conditions stipulated by the underlying contracts.
- 4.8 CTLR-UAE has also confirmed to me that it has not identified any changes to products that would be required under relevant regulations or legislation as a consequence of the Transfer.
- 4.9 There will be no changes to the policy terms and conditions stipulated by the underlying contracts. The policyholder funds that are allocated to the guaranteed Chubb fund are currently invested into two UAE sovereign bonds at a yield that supports the minimum guaranteed rate of return for the Transferring Policies.
- 4.10 Consequently, aside from the direct impact of the transfer itself, there are no changes under the Scheme of Transfer to any business of either CTLR-UAE or Sukoon.

Taxation

- 4.11 I understand tax impact arising from the Scheme of Transfer will be immaterial.

Reinsurance

- 4.12 CTLR-UAE will procure the reinsurance treaties to be novated to Sukoon with effect from the Effective Date without any change to the terms and conditions and rates. CTLR-UAE has discussed with both RGA and GenRe and shared draft reinsurance agreements with both reinsurers, and the reinsurers have given their in-principle agreement to the novation agreements. CTLR-UAE will ensure that there is no outstanding reinsurance premium, profit sharing or profit commission. CTLR-UAE will ensure that each reinsurer confirms in writing that it accepts it is on risk with defined initial retention levels of USD 25k per life for the relevant policies.
- 4.13 From the Effective Date, Sukoon will assume the treaties' obligations and CTLR-UAE will provide all the necessary information. The table below summarizes the reinsurance treaties:

Table 4.3: Summary of reinsurance treaties by product for CTLR-UAE as of 31 December 2022

Product	Policy Commencement Date	
	Before Jan 1 st 2011	After Jan 1 st 2011
ACCIDENTA	Gen Re 100% above \$25k	
INFINITY	RGA 100% above \$25k	
INVESTA	Gen Re 100% above \$25k	Gen Re 70% above \$25k RGA 30% above \$25k
SERENITY		Gen Re 70% above \$25k RGA 30% above \$25k
PROTECTA (including 5-year Renewable)	Gen Re 100% above \$25k	Gen Re 70% above \$25k RGA 30% above \$25k
CRITICAL ILLNESS	RGA 100% above \$25k	

- 4.14 CTLR-UAE will remain liable for any outstanding reinsurance premium not identified relating to the period prior to the Effective Date and any error in the calculation of any reinsurance premium or any profit sharing already paid.

Regulatory processes in Bermuda and the UAE

- 4.15 There are various regulatory and judicial processes that need to be observed in connection with the Scheme of Transfer, both in Bermuda and in the UAE as summarized below.

Bermuda Requirements

- 4.16 CTLR may not effect the transfer of the Transferring Business without obtaining the “no-objection” of the Bermuda Monetary Authority.
- 4.17 CTLR must obtain the sanction of the Supreme Court of Bermuda in relation to the Scheme of Transfer.
- 4.18 CLTR must serve sufficient notice of the Scheme of Transfer on each policy holder affected. The notice will take the form of a Circular to Policyholders. The Circular to Policyholders will summarise the key terms of the Scheme of Transfer, provide information on the background and reasons for the transfer of the Transferring Business, describe the effect of the transfer on policies and what if anything policyholders have to do, provide information about Sukoon, set out the policyholder’s right to object to the Scheme of Transfer and details of how to exercise that right, describe what happens on the Effective Date and where to find electronic or hard copies of this Report, a summary of this Report (“Summary Report”), the Scheme of Transfer itself and the petition to the Supreme Court of Bermuda.
- 4.19 In addition to serving the Circular to Policyholders on each policyholder affected, CTLR will maintain a web address at which electronic copies of my Report, the Summary Report, the Scheme of Transfer and the petition to the Supreme Court of Bermuda can be accessed, and will procure that hard copies of these documents are maintained at a physical address in UAE during local business hours up to the date of the Court sanction hearing.
- 4.20 CTLR will advertise notice of the Scheme of Transfer in the Bermuda Royal Gazette. Any person who considers that they are adversely affected by carrying out of the Scheme of Transfer is entitled to be heard at the hearing of the petition.

UAE Requirements

- 4.21 On 30 August 2023, CTLR-UAE and Sukoon submitted a formal application to the Central Bank of the UAE to grant a pre-approval of the Transfer in line with local regulatory guidelines. The regulatory process applicable to the Transfer in UAE for a company to transfer the insurance policies contracted by it in the State, with all rights and obligations to one or more other companies carrying out the same kind of insurance is summarized below:
- An application of the transfer is to be submitted to the Director General of the Central Bank of the UAE in the required form. Once pre-approval is granted, the transfer must be published in the Official Gazette, as well as twice in two local, widely distributed daily newspapers issued in the Arabic language and one local daily newspaper issued in the English language. The announcement must indicate that the policyholders, the beneficiaries thereof or all interested persons have the right to submit an opposition to this transfer to the Director General within forty-five days from the date of the last announcement, giving reasons.
 - In the case no opposition is filed, the Director General shall issue a decision approving the transfer which is published in the Official Gazette.

- If an objection to the transfer is filed within the specified period, the transfer won't be approved until after agreement is reached between the concerned parties or a final judgment is reached on the objection. The Director General may however approve the transfer provided an amount is collected from the company, equal to its liabilities towards the objecting party, including the expenses that are required for preservation of any of the company's assets.

Section 5: Impact on Policyholders within the Transferring Business

- 5.1 CTLR-UAE policyholders have entered into long-term insurance contracts, which provide specified contractual benefits that depend on the occurrence of future events. The potential impact of the Scheme of Transfer to the security of the policyholders' contractual benefits and rights is therefore an important consideration.
- 5.2 My report considers whether the Scheme of Transfer properly and adequately safeguards the contractual benefits and rights of the Transferring Business, and whether there is any material adverse impact on the policyholders.
- 5.3 My focus is on the changes resulting from the Scheme of Transfer, rather than the changes that may arise in the ordinary course of business. I have considered the current plan pertaining to the Transferring Business, and any expected changes to the outlook of post-transfer if the Scheme of Transfer is approved.
- 5.4 It is important to note that given the nature of insurance business, there is inherent uncertainty in this assessment and I have placed reliance on the information provided by the Companies in performing this assessment.
- 5.5 My opinions on the security of policyholders' benefits are based on financial information as of 31 December 2022. I have relied on CTLR and Sukoon to provide me information / events during year 2023 that could materially impact the financials.

Contractual Benefits and Other Rights

- 5.6 CTLR has confirmed that under the Scheme of Transfer, there are no changes to the terms and structures that define the contractual benefits and other rights of the policyholders of CTLR-UAE.
- 5.7 Based on the above, I have concluded that the Scheme of Transfer will not adversely affect the contractual benefits and other rights of the CTLR-UAE policyholders in a material way.

Reasonable Expectations

- 5.8 I have considered the likely effects of the Scheme of Transfer on reasonable benefit expectations of different groups of the CTLR-UAE policyholders.
- 5.9 Reasonable expectations include the payment of policy benefits as and when due, and the ongoing management of the policies being consistent with the policy terms and conditions.
- 5.10 I understand, from discussions with CTLR and Sukoon, that there are no planned changes to the product or the premium rates for in-force policies as a result of the Scheme of Transfer.
- 5.11 The Transferring Policyholders that have investment linked policies (Serenity, Infinity) and universal life policies (Investa). The investment linked policies have the right to choose between external funds, or internal funds with a minimum guaranteed crediting rate of either 3% or 4% depending on the product, subject to conditions as per the terms and conditions stipulated by the underlying contracts. The universal life policies can only invest in internal funds with a minimum guaranteed crediting rate. For those that choose to invest in internal funds, Sukoon will set the crediting rate policy based on the terms and conditions stipulated by the underlying contracts.

- 5.12 While the underlying principles and methods to the discretionary aspect of the management of the crediting rate setting will not change after the transfer, I understand the Sukoon management team will retain the right to change the underlying principles and method in the future according to the economic or regulatory environment if necessary, and at all times remain in compliance with the existing policy terms and conditions.
- 5.13 Based on the above, I conclude that the reasonable expectations of policyholders will not be materially adversely affected by the Scheme of Transfer.

Benefit Security

- 5.14 CTLR-UAE policyholders currently have policies backed by CTLR, a company whose level of financial resources exceeds the Bermuda regulatory capital requirements and its own target capital requirement.
- 5.15 CTLR-UAE manages its policyholder funds in a highly conservative manner, by investing in either government securities or holding cash and bank deposits.
- 5.16 After the transfer, CTLR-UAE policyholders will be backed by Sukoon, a company with larger pool of financial resources and has solvency position projected to exceed the local regulatory capital requirements.
- 5.17 Summary of key stats for CTLR and Sukoon before transfer:
- The BSCR ratio for CTLR under the Bermuda framework as of 31 December 2022 was approximately 155%, with approximately \$8,816 million of capital and surplus and approximately \$5,698 million of ECR.
 - The Solvency Capital Ratio for Sukoon under the UAE regulatory framework as of 31 December 2022 was approximately 269%, with \$600 million in capital and surplus supporting the solvency requirement, known as “Basic Own Funds” within the UAE capital framework. The Solvency Capital Requirement is \$223 million.
- 5.18 The UAE Solvency Capital Requirement for the Transferring Business is \$2.128 million. Considering the size of the Transferring Business is materially smaller to Sukoon’s existing business, the addition of this capital requirement to Sukoon’s local solvency requirement would result in a slight decrease in the solvency ratio from 269% to 267%, which is well above regulatory and Sukoon’s internal target capital levels. The Transferring Policyholders will benefit from a larger pool of surplus of Sukoon.
- 5.19 Sukoon has confirmed that there are no changes expected in relation to investment strategy and risk management practices applicable for Sukoon as a result of the Scheme of Transfer.
- 5.20 Therefore, I conclude that the security of the CTLR-UAE policyholders will not be materially adversely affected by the Scheme of Transfer.

Customer Servicing

- 5.21 Policyholders will expect to receive a certain level of client service, such as when performing policy enquires, making policy alterations, receiving notifications or making claims under the policy.
- 5.22 Sukoon confirms there is no expected change in levels of service and business practices with respect to the management of its policies as the support will be provided by Sukoon’s insurance and Insurance IT teams. CTLR-UAE and Sukoon have already conducted extensive due diligence of these products and concluded that the products in the Transferring Business are similar to the existing products managed by Sukoon. Sukoon is prepared to integrate the

Transferring Business into their systems and provide policyholders with 24/7 access to Sukoon's insurance online and offline systems. In addition, Sukoon has a dedicated in-house call centre and an extensive in-house agent network to ensure client satisfaction. Sukoon's global customer satisfaction for the company is about 85%, with individual sales and call centre at 92% and 95% respectively.

- 5.23 The agreements between CTLR and Franklin Templeton and Mashreq Bank will be novated to Sukoon with effect from the Effective Date where required. Chubb-UAE and Sukoon may consider changing the custodian from Franklin Templeton to Allfunds at the transfer or thereafter, which is the custodian used by Sukoon for its existing business. Sukoon has confirmed that the Transferring Policyholders will not be impacted if the change takes place, and all the current funds in Franklin Templeton will be made available to the Transferring Policyholders.
- 5.24 Based on above, I consider that the Scheme of Transfer will have no significant effect on the CTLR-UAE policyholders in respect of matters such as response times to customer enquiries, claim settlement, and the level of services provided.

Summary

- 5.25 I have concluded that, in relation to policyholders within the Transferring Business that the transfer will not materially adversely impact the contractual benefits or other rights, the expected benefits, benefit security, and expected levels of service.

Section 6: Impact on Policyholders of Sukoon

- 6.1 In this section, my considerations are whether the Scheme of Transfer properly and adequately safeguards the financial security, and the contractual benefits and rights of the Sukoon Policyholders.
- 6.2 My opinions on the security of policyholders' benefits are based on financial information as of 31 December 2022. I have relied on CTLR and Sukoon to provide me information / events during year 2023 that could materially impact the financials.

Contractual Benefits and Other Rights

- 6.3 Sukoon has confirmed that under the Scheme of Transfer, there are no intended changes to the terms and structures that define the contractual benefits and other rights of the Sukoon Policyholders, nor the Transferring Policyholders.
- 6.4 Sukoon has confirmed to me their commitment to continue servicing both the Sukoon Policyholders and Transferring Policyholders on the same contractual terms after the transfer.
- 6.5 Based on the above, I have concluded that the Scheme of Transfer will not adversely affect the contractual benefits and other rights of Sukoon Policyholders in a material way.

Reasonable Expectations

- 6.6 I have considered the likely effects of the Scheme of Transfer on reasonable benefit expectations of different groups of the existing Sukoon policyholders.
- 6.7 Reasonable expectations include the payment of policy benefits as and when due, and the ongoing management of the policies being consistent with the policy terms and conditions.
- 6.8 According to the Scheme and from my discussions with Sukoon, I understand that there is no planned change to any existing products or the premium rates for Transferring Business as a result of the Scheme of Transfer.
- 6.9 According to the Scheme, Sukoon plans to follow the same crediting methodology which is currently adopted by Sukoon for Sukoon Policyholders, and the existing Chubb-UAE crediting methodology has for the Transferring Policyholders. While the underlying principles and methods to the discretionary aspect of the management of the crediting rate setting will not change after the transfer, I understand the Sukoon management team will retain the right to change the underlying principles and method in the future according to the economic or regulatory environment if necessary, and at all times remain in compliance with the existing policy terms and conditions.
- 6.10 Based on the above, I conclude that the reasonable expectations of Sukoon Policyholders will not be materially adversely affected by the Scheme of Transfer.

Benefit Security

- 6.11 To recap, below is a summary of key statistics for CTLR and Sukoon before transfer:
- The BSCR ratio for CTLR under the Bermuda framework as of 31 December 2022 was approximately 155%, with approximately \$8,816 million of capital and surplus and approximately \$5,698 million of ECR.

- The Solvency Capital Ratio for Sukoon under the UAE regulatory framework as of 31 December 2022 was approximately 269%, with \$600 million in capital and surplus supporting the solvency requirement, known as “Basic Own Funds” within the UAE capital framework. The Solvency Capital Requirement is \$223 million.
- 6.12 After the transfer, the addition of Chubb-UAE’s long term portfolio will increase Sukoon’s technical provisions, which represents only around 1.2% of Sukoon’s total technical provisions on a net of reinsurance basis.

Table 6.1: Transferring Business Technical Provisions as of 31 December 2022

Technical Provision	USD (in 000’s)
Policyholder Account Values	7,238
Future Policyholder Benefits	976
Unearned premium reserve	11
Total	8,224

- 6.13 This transfer will not have a material impact on the overall solvency position of Sukoon and will not impact the existing Sukoon policyholders materially. Sukoon maintained a strong SCR ratio of 269% as of 31 December 2022. After the transfer, the impact is expected to be less than 2% point on the ratio. I believe solvency impacts from the Scheme of Transfer will be immaterial because of the following:
- Underwriting Risk – The addition of the Transferring Business will have minimal impact to Sukoon’s SCR because the underwriting shocks are only applicable to universal life and term business and not applicable to the unit linked policies, which makes up the majority of the Scheme of Transfer portfolio.
 - Investment and Credit Risk – there will be very minimal impact due to the high rating assets backing the Chubb-UAE liabilities, as explained in Section 3.16.
 - Operational Risk - the Scheme of Transfer portfolio has only around 200 policies, which can be easily absorbed by Sukoon’s existing operational and servicing capabilities as well as systems without a material impact on the existing Sukoon policyholders. Sukoon’s existing systems currently process similar complex life products as those being transferred and they have full capability to test, build and launch new product specifications by their system administrators.
 - Mortality Risk – as per Section 4.12 and as part of the Scheme, all existing reinsurance treaties covering mortality risk with RGA and Gen Re will be novated to Sukoon as of the Effective Date. The retention of any claim is limited to USD 25,000. Sukoon will retain approximately 7% of the mortality risk with the rest being shared by the two reinsurers.
- 6.14 Both the Transferring Policyholders and Sukoon Policyholders will benefit from the expanded customer base and the additional cash and assets transferred from CTRLR-UAE. Sukoon’s solvency position remains above regulatory and internal target capital levels.
- 6.15 Sukoon and CTRLR-UAE may consider changing the asset custodian for Transferring Business from Franklin Templeton to Allfunds at the time of the transfer or after the transfer. Allfunds is a custodian for Sukoon’s Policyholders. I am informed the change of the asset custodian will be done in a way that ensures both Sukoon Policyholders and Transferring Policyholders’ interest are protected.
- 6.16 Therefore, I conclude that the security of the Sukoon Policyholders and the Transferring Policyholders post transfer will not be materially adversely affected.

Costs and Expenses in Relation to the Scheme

- 6.17 Chubb-UAE will bear the costs and expenses related to my appointment as the Approved Actuary as well as the cost of implementing the transfer. This includes but not limited to all costs and expenses relating to the negotiation, preparation and effecting of the Scheme of Transfer and application for the sanction of the Scheme of Transfer, including the costs of the Approved Actuary, of counsel and the costs of correspondence with the Transferring Policyholders in respect of the long-term business of Transferring Business. Sukoon will not be impacted by the related costs and expenses.

Customer Servicing

- 6.18 Sukoon confirms there is no expected change in levels of service and business practices with respect to the management of its policies as the support will be provided by Sukoon's insurance and Insurance IT teams.
- 6.19 Considering the small size of the Transferring Business in relation to Sukoon's existing policyholders, Sukoon's ability to service existing policyholders will not be affected as CTRLR-UAE policyholders as they are integrated into Sukoon's insurance administrative infrastructure.
- 6.20 Based on above, I consider that the Scheme of Transfer will have no significant effect on the CTRLR-UAE policyholders in respect of matters such as response times to customer enquiries, claim settlement, and the level of services provided.

Summary

- 6.21 I have concluded that, in relation to policyholders within the Transferring Business that the transfer will not materially adversely impact the contractual benefits or other rights, Sukoon's solvency position, the expected benefits, benefit security, and expected levels of service.

Section 7: Reliances and Limitations

Reliances

- 7.1 In forming my opinions, I have relied on information provided by or on behalf of CTLR and Sukoon in connection with the Scheme of Transfer, both in writing and orally, without independently verifying it. Reliance has been placed on, but not limited to, the information detailed in Appendix B of the Report.
- 7.2 I have reviewed the information provided for general reasonableness and consistency. My team and I have also discussed with representatives of CTLR and Sukoon in detail the information which they have provided in relation to the Scheme of Transfer. I consider it is reasonable to rely on these individuals because they are senior professionals employed by CTLR and Sukoon.
- 7.3 I have obtained confirmation from CTLR and Sukoon that, to the best of their knowledge and belief:
- All of the items of data and information that have been provided to me by CTLR and Sukoon for the purposes of this Report are accurate and complete;
 - there are no significant errors or omissions in the descriptions in this Report of the business of CTLR or Sukoon; and
 - there are no other material items of data and information that have not been provided to me by CTLR and Sukoon and which are likely to be relevant to this Report.
- 7.4 In the Report, where I make statements about, or provide descriptions of, CTLR's or Sukoon's current or proposed practices, these are based on the information provided to me by CTLR and Sukoon.

Limitations

- 7.5 The Report has been prepared on an agreed basis for the purposes of reporting on the Scheme of Transfer to the Supreme Court of Bermuda, and must not be relied upon for any other purpose. It must be considered in its entirety because individual sections, if considered in isolation, may be misleading. The Report is subject to the terms and limitations, including a limitation of liability, set out in the Engagement Letter.

The Report and the opinions it contains have been prepared for CTLR internal use, solely for the intended purpose, and may not be referenced or distributed to any other party without WTW's prior written consent, except as provided below.

CTLR may provide copies of the final report(s) ("Report(s)") prepared by us under this Scope of Work to CTLR's attorneys, the BMA, the Supreme Court of Bermuda, the CBUAE, and policyholders CTLR-UAE. CTLR may also provide copies of the Report(s) to Chubb Limited, and other affiliated companies under the Chubb Group of companies ("Affiliates"), provided that each shall be deemed a 'Recipient' hereunder and CTLR remains responsible for their compliance.

Copies of our Report may be provided to your external auditors, insurance rating agencies, and regulatory authorities (the "Recipients"). Permission is hereby granted for such distribution on the conditions that:

- Willis Towers Watson is provided a list of all the non-affiliate Recipients to whom the Report is provided and the date the Report is provided to such non-affiliate Recipients;
- The Report is distributed in its entirety;

- Each Recipient recognizes that Willis Towers Watson is available, at the expense of CTLR, to answer any questions concerning the Report
 - Each Recipient agrees not to reference or distribute the Report to any other party;
 - Each Recipient recognizes that the furnishing of the Report is not a substitute for its own due diligence and agrees to place no reliance on the Report or the data contained herein that would result in the creation of any duty or liability by Willis Towers Watson to such party;
 - In the event that the Recipient is required by order of a court of competent jurisdiction, administrative agency or governmental body, or by any law, rule, regulation, subpoena, or any other administrative or legal process to disclose this Report, the Recipient may disclose this Report without liability hereunder, provided that the Recipient gives Willis Towers Watson prompt notice of any such requirement and, at our discretion, either (1) cooperates with us, at our expense, to prohibit such disclosure, or (2) uses all reasonable efforts to get confidential treatment of this Report under a protective order or other appropriate mechanism.
 - Each Recipient understands that such RECIPIENT IS DEEMED TO HAVE ACCEPTED THESE TERMS AND CONDITIONS by retaining a copy of the Report.
- 7.6 WTW also consents to a copy of the Report (in its entirety only) and a summary of the Report being distributed to, or made available for inspection by, policyholders in connection with the Scheme of Transfer, or posted onto a website of CTLR-UAE and/or Sukoon upon request, provided that the following wording is included at the start of the Report (or the summary, as the case may be): "This report is provided to CTLR (our clients), CTLR-UAE and their related entity Chubb Limited, solely for their use and for the specific purpose indicated. Reproduction in whole or part of this material is strictly prohibited. It should not be relied on as a substitute for specific advice. Therefore, no responsibility for loss occasioned to any person other than our clients as a result of acting or refraining from acting on the contents of or information contained in the Report can be accepted by WTW".
- 7.7 The Report must be considered in its entirety as individual sections, if considered in isolation, may be misleading. Draft versions of the Report must not be relied upon by any person for any purpose. No reliance should be placed on any advice not given in writing. If reliance is placed contrary to the guidelines set out herein, Willis Towers Watson disclaims any and all liability which may arise.
- 7.8 The Report has been produced based on financial information in respect of CTLR, Sukoon and the Transferring Business as of 31 December 2022, and does not take into account any developments after that date unless stated explicitly to the contrary in the Report.
- 7.9 CTLR and Sukoon have recognized that worldwide social and economic activity became severely impacted by the spread and threat of the COVID 19 pandemic. The pandemic could adversely impact 2020 and 2021 financial statements due to incurrence of losses and the impact of economic slowdown. I have assumed, given the small size of the Transferring Business, the impacts of the pandemic will not be so severe as to affect my opinion that the transfer will not adversely affect the contractual benefits or other rights of policyholders, the security of the policyholders' benefits or the expected levels of service for policyholders in any material respect.
- 7.10 The Report must not be construed as legal, investment or tax advice.
- 7.11 Figures in all tables in the Report are subject to possible rounding differences.
- 7.12 In the Report, where I have used defined terms, these terms have the same meaning as set out in the Scheme of Transfer.

Legal Jurisdiction

- 7.13 The Report is governed by and interpreted in accordance with the laws of Bermuda and the Parties submit to the exclusive jurisdiction of the courts of Bermuda in connection with all disputes and differences arising out of, under or in connection with the Report.

Appendix A: Glossary

Definition	Description
AED	United Arab Emirates Dirham
Approved Actuary	Independent Actuary, a qualified actuary independent of the parties involved in the Scheme of Transfer approved by the BMA as required under Section 25 of the Insurance Act of Bermuda (1978)
BMA	Bermuda Monetary Authority, the insurance regulator in Bermuda
BSCR	Bermuda Solvency Capital Requirement. Statutory capital is calculated based on the BSCR basis which is a risk-based capital model that measures risk to determine an enhanced capital requirement (“ECR”) and target capital level
CTLR	Chubb Tempest Life Reinsurance Ltd.
CTLR-UAE	The UAE branches of CTLR
EBS	Economic balance sheet (“EBS”) framework requires both assets and liabilities to reflect current market economics
Engagement Letter	Statement of Work dated July 24, 2023 signed between WTW and CTLR
ERM	Enterprise Risk Management
CBUAE	Central Bank of UAE
U.S. GAAP	Generally Accepted Accounting Principles of United States
Regulators	CBUAE and BMA collectively
Scheme of Transfer	The scheme of transfer of the long-term business of CTLR-UAE to Sukoon which is the subject of this Report
Sukoon	Oman Insurance Company P.S.C
Transferring Business	The long term business of CLTR-UAE defined in the Scheme of Transfer
Transferring Policyholders	The policyholders of CLTR-UAE individual insurance contracts that is part of the Transferring Business
Transferring Policies	The long term policies of CTLR-UAE that are owned by the Transferring Policyholders
Sukoon Policyholders	The existing policyholders of Sukoon.
Sukoon Policies	The existing policies of Sukoon owned by the Sukoon Policyholders
The Act	the Bermuda Insurance Act 1978
UAE	United Arab Emirates
WTW	“Willis Towers Watson” or Willis Towers Watson US, LLC
\$, USD, US\$	US Dollar. Any currency conversions are based on an exchange rate of 0.27229 USD for 1 AED.

Appendix B: Information Considered

For the purposes of the Report, I have reviewed various items of data and information, including but not limited to the following:

- Scheme of Transfer
- CTRLR GAAP Financials
- CTRLR Financial Condition Report
- CTRLR CISSA Report
- CTRLR-UAE Financial Condition Report
- CTRLR-UAE Peer Review Report of the Financial Condition Report
- CTRLR-UAE IFRS Auditor's Report
- CTRLR-UAE local solvency template ("CBUAE") completed as of 31 December 2022
- Financial Regulations for Insurance Companies – Insurance Authority UAE
- Sukoon Financial Condition Report
- Sukoon local solvency template ("CBUAE") completed as of 31 December 2022
- Sukoon Audited Financial Statements
- Sukoon Integrated Report
- Sukoon Group Organizational Structure – July 2023
- Acquisition of Chubb Life Portfolio Actuarial Report & Certificate (Draft dated 14 August 2023)

This information and various email supplementary information has been provided by or on behalf of CTRLR and Sukoon.

I have relied upon the accuracy and completeness of the above data and information without independent verification. However, I have reviewed the data and information for general consistency and overall reasonableness based on my wider experience.

I have received a letter of representation signed on 15 September 2023 which confirms the accuracy and completeness of the information provided to me in performing my Approved Actuary role.