

**IN THE HIGH COURT OF JUSTICE**

**CR-2026-003118**

**BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES**

**COMPANIES COURT (ChD)**

**IN THE MATTER OF  
SOTERIA INSURANCE LIMITED**

**and**

**IN THE MATTER OF  
DARAG INSURANCE UK LIMITED**

**and**

**IN THE MATTER OF  
DARAG LEGACY UK LTD**

**and**

**IN THE MATTER OF  
THE FINANCIAL SERVICES AND MARKETS ACT 2000**

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**INSURANCE BUSINESS TRANSFER SCHEME**

(pursuant to Part VII of the Financial Services and Markets Act 2000)

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## PART A - DEFINITIONS AND INTERPRETATION

### 1 Definitions and Interpretation

1.1 In this Scheme, unless the subject or context requires otherwise:

**Books and Records** means all documents, files, records, registers, books, ledgers and other papers or information or data however stored in the possession, custody or control of Soteria and DLUK and relating exclusively to the Transferring Soteria Policies and Transferring DLUK Policies, respectively (each a **record**).

**Business** means the Transferring Soteria Business and the Transferring DLUK Business

**CA 2006** means the Companies Act 2006

**Complaint** means any oral or written expression of dissatisfaction, whether justified or not, from, or on behalf of, a Transferring Policyholder about the provision by a Transferor of, or failure by a Transferor to provide, a financial service prior to the Effective Date

**CISL** means Cooperative Insurance Society Limited, an Industrial and Provident Society which converted to a limited company called Royal London (CIS) Limited (registered number 8629353) in accordance with section 52 of the Industrial and Provident Societies Act 1965 on 29 July 2013

**Court** means the High Court of Justice in England and Wales

**Custody Assets** means the Eligible Assets held in the Soteria Custody Accounts on the Effective Date less the aggregate amount of all claims paid by Soteria without recourse to funds withdrawn from the Soteria Custody Accounts and for which Soteria has not subsequently been reimbursed by the transfer of funds from the Soteria Custody Accounts net of all Recoveries received by Soteria in relation to the Transferring Soteria Policies between the commencement date of the LPT Agreement and the Effective Date which have not been paid into the Soteria Custody Accounts

**DARAG** means DARAG Deutschland AG, a company incorporated under the laws of the Federal Republic of Germany, having its business address at Drehbahn 7, 20354 Hamburg, Germany, which is registered in the commercial register (*Handelsregister*) kept at the local court (*Amtsgericht*) of Hamburg under registration number HRB 152748

**Data Protection Legislation** means the UK Data Protection Act 2018 (and any subordinate legislation and codes of practice relating to it) and any other applicable data protection or privacy rules, legislation and duties of confidence (in common law, statute or otherwise) in any jurisdictions with regard to the processing of personal data and on the free movement of such

data including without limitation the transposition of Regulation (EU) 2016/679 (General Data Protection Regulation) into the law of the UK by operation of section 3 of the European Union (Withdrawal) Act 2018 and as amended by the Data Protection, Privacy and Electronic Communications (Amendments etc.) (EU Exit) Regulations 2019

**Data Subject Request** means a request by a person to access, correct, amend, transfer or delete that person's personal data consistent with that person's rights under Data Protection Legislation

**DLUK** means DARAG Legacy UK Ltd (formerly One Re Limited), a private limited company incorporated in England and Wales with registered company number 08179596 and whose registered office is at 25 Eastcheap, 4th Floor, London, United Kingdom, EC3M 1DT

**DLUK Eligible Own Funds** means own funds items eligible to meet DLUK's SCR with an aggregate value of £5.3m

**Effective Date** means the time and date on which this Scheme shall take effect in accordance with paragraph 12

**EIROS** means Electricity Insurance Run Off Services Limited

**EIROS Management Services Agreement** means the management services agreement entered into between the Insurers (as defined therein) and EIROS dated 21 February 2005 in relation to the management and run-off of the policies detailed therein

**Eligible Assets** means assets comprising:

- (a) cash in sterling;
- (b) United Kingdom treasury GILTs;
- (c) investment grade corporate bonds; and
- (d) any other security approved by DARAG

**Encumbrance** means any mortgage, charge, pledge, security assignment, lien, option, restriction, right of first refusal, right of pre-emption, third party right or interest, any other encumbrance or security interest of any kind and any other type of preferential arrangement (including, without limitation, title transfer and retention agreements) having a similar effect

**Excluded Assets** means:

- (a) the Retained Records;
- (b) any right to repayment of Tax in respect of any accounting period on or before the Effective Date;

- (c) any asset of the Relevant Transferor attributable to the Transferring Business (including any right or benefit of the Relevant Transferor under any Transferring Policy) which the Relevant Transferor and the Transferee agree prior to the Effective Date should not be transferred at all; and
- (d) the DLUK Eligible Own Funds

**Excluded Liabilities** means:

- (a) any Tax (including insurance premium tax, or other premium issuance, transfer or documentary duties or Taxes) which either (i) is payable in connection with or as a result of the issuance of the Transferring Soteria Policies; or (ii) arises on or before or in respect of any period (or part period) occurring before the Effective Date in connection with the Transferring Soteria Policies;
- (b) any amount of central overhead, administration, information technology, employee (including but not limited to salaries, benefits and other compensation), property costs, office expenses or other costs or expenses incurred by or attributable in any way to Soteria, DLUK or MISL that cannot be attributed to a specific claim under a Transferring Soteria Policy or a Transferring DLUK Policy in connection with or arising out of a Transferring Soteria Policy or Transferring DLUK Policy (as applicable);
- (c) except when acting on the instructions of, or with the consent of, DARAG or the Transferee, any Liabilities which arise out of or in connection with Soteria:
  - (i) breaching the terms of a Transferring Soteria Policy (as applicable) (including for the avoidance of doubt the implied term under section 13A of the Insurance Act, to the extent applicable to such Policy);
  - (ii) breaching any applicable law;
  - (iii) incurring a penalty or fine in respect of a Transferring Soteria Policy; or
  - (iv) handling any Complaint; and
- (d) any Liabilities which arise out of or in connection with Soteria breaching the terms of the EIROS Management Services Agreement

**FCA** means the Financial Conduct Authority and any successor conduct regulator of insurance and reinsurance companies in the UK

**FCA Handbook** means the handbook of rules and guidance issued by the FCA from time to time pursuant to FSMA

**Financial Assets** means all of DLUK's cash at bank at the Effective Date (whether on current or deposit account), cash equivalents, corporate and government bonds, and other financial investments

**FSMA** means the Financial Services and Markets Act 2000

**Group** means, in relation to a company, that company and any subsidiary, subsidiary undertaking or holding company of such company and any subsidiary or subsidiary undertaking of any such holding company

**Independent Expert** means Charl Cronje of Lane Clark & Peacock LLP or any other independent expert approved pursuant to section 109(2)(b) of FSMA

**Internal QS Agreement** means the inwards quota share reinsurance agreement between DLUK and DARAG dated 21 August 2020 relating to Italian motor third party liability insurance

**Inuring Reinsurance Covers** means any contract of reinsurance (other than the LPT Agreement) entered into by Soteria or DLUK as cedant, or of which Soteria or DLUK has the benefit as cedant, under which any obligations remain to be performed at the Effective Date to the extent such contract relates to one or more of the Transferring Soteria Policies or the Transferring DLUK Policies and (in the case of Soteria) was entered into at any time prior to 21 March 2025

**Liability** means any debt, liability, duty or obligation (in each case, whether direct or indirect, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due)

**LPT Agreement** means the Loss Portfolio Transfer Reinsurance and Business Transfer Agreement entered into between Soteria, DARAG and the Transferee on 21 March 2025

**MISL** means Markerstudy Insurance Services Limited, a private limited company incorporated in England and Wales with registered company number 02135730 and whose registered office is at 45 Westerham Road, Bessels Green, Sevenoaks, Kent, TN13 2QB, England

**New Insurance Services Agreement** means the claims handling agreement to be entered into between Soteria and MISL on prior to the Effective Date

**Order** means an order made by the Court pursuant to section 111(1) of FSMA sanctioning this Scheme and any order in relation to this Scheme made by the Court on the same date pursuant to section 112 of FSMA

**Part 4A Permission** means permission given by the PRA under Part 4A of FSMA to carry on regulated activities

**Payment** has the meaning given to that expression in paragraph 8.2

**Person** means any natural person, general or limited partnership, corporation, limited liability company, limited liability partnership, firm, joint venture, joint stock company, trust, unincorporated organisation, association, organisation or other legal entity

**policyholder** has the meaning set out in the Policyholder Order

**Policyholder Order** means the Financial Services and Markets Act 2000 (Meaning of “Policy” and “Policyholder”) Order 2001 (SI 2001/2361)

**PRA** means the Prudential Regulation Authority and any successor prudential regulator of insurance and reinsurance companies in the UK

**PRA Rulebook** means the rules and guidance made by the PRA

**Proceedings** means any action or other legal or administrative proceedings or step (whether direct or indirect, by way of a claim, demand, legal proceedings, execution of judgment, arbitration, complaint or otherwise) including:

- (a) arbitration;
- (b) mediation;
- (c) any other dispute resolution procedure (whether or not it involves submission to any court);
- (d) any judicial, quasi-judicial, administrative or regulatory review or process; and
- (e) any complaint or claim to any ombudsman (including the Financial Ombudsman Service)

**Recoveries** means salvage or subrogation recoveries, commissions received, all other recoveries which are or may become due in connection with the Transferring Soteria Policies and the Transferring DLUK Policies and amounts recovered under Inuring Reinsurance Covers

**Regulated Activities Order** means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544)

**Relevant Transferor** means Soteria and/or DLUK (as the case may be)

**Residual Asset** means each asset of the Relevant Transferor (other than an Excluded Asset) comprised in or relating to the Transferring Business (including any right, benefit or power of the

Relevant Transferor under any Transferring Policy) which would transfer on the Effective Date but for the fact that, in relation to the relevant asset:

- (a) the Court has declined to order the transfer of such asset to the Transferee under FSMA (either at all or without the consent of a person other than the Transferee, Soteria or DLUK);
- (b) the Relevant Transferor and the Transferee have agreed, prior to the Effective Date, that the transfer of such asset to the Transferee should be delayed or that such asset should not be transferred at all (including where the Court has made an order as to the enforceability of an interest or right relating to such asset as referred to in section 112A(2)(b) of FSMA); or
- (c) such asset cannot be transferred or vested in the Transferee for any other reason

**Residual Liability** means any Liability of a Relevant Transferor (other than an Excluded Liability) comprised in, or relating to, the Transferring Business which would transfer on the Effective Date, but for the fact that, in relation to the relevant Liability:

- (a) the Court has declined to order the transfer to the Transferee under FSMA;
- (b) the Relevant Transferor and the Transferee have agreed, prior to the Effective Date, that the transfer to the Transferee should be delayed or that such Liability should not transfer at all;
- (c) it is attributable to or connected with a Residual Asset and arises at any time before the Subsequent Transfer Date applicable to that Residual Asset;
- (d) it relates to, or is otherwise attributable to or connected with, a Residual Policy and arises at any time before the Subsequent Transfer Date applicable to that Residual Policy; or
- (e) it cannot be transferred or vested in the Transferee for any other reason

**Residual Policy** means any Transferring Policy which would transfer on the Effective Date save that:

- (a) the Order requires further steps be taken to make the transfer of such policy to the Transferee fully effective or the Court for any reason determines such policy shall not be transferred to the Transferee by virtue of the Scheme and the Order pursuant to FSMA at the Effective Date; or
- (b) the Relevant Transferor and the Transferee agree prior to the Effective Date that its transfer is to be delayed or that it should not transfer

**Retained Records** means:

- (a) any accounting and financial and other records of Soteria and DLUK which the Relevant Transferor is required by law to retain, including VAT records; and
- (b) any other books and records to the extent relating to any other Excluded Asset

**Scheme** means the insurance business transfer scheme set out in this document with or subject to any modification, addition or condition which may be made, approved or imposed in accordance with paragraph 13

**SCR** means the solvency capital requirement calculated in accordance with the SCR Rules

**SCR Rules** has the meaning given in the PRA Rulebook

**Soteria** means Soteria Insurance Limited (formerly CIS General Insurance Limited), a private limited company incorporated in England and Wales with registered company number 12698289 and whose registered office is at McLaren House, 100 Kings Road, Brentwood, Essex, England, CM14 4EA

**Soteria Cash Custody Account** means the cash account opened by Soteria with the Soteria Custodian

**Soteria Custodian** means Northern Trust or such other bank as Soteria and DARAG agree shall act as custodian of the Soteria Custody Accounts

**Soteria Custody Accounts** means the Soteria Cash Custody Account and the Soteria Securities Custody Account

(c)

**Soteria Securities Custody Account** means the securities account opened by Soteria with the Soteria Custodian

**Subsequent Transfer Date** means, in relation to any Residual Policy, Residual Asset or Residual Liability, the date (and each date) after the Effective Date on which such Residual Policy, Residual Asset or Residual Liability is or is to be transferred to the Transferee, namely:

- (a) in respect of:

- (i) any Residual Policy falling within paragraph (a) of the definition of Residual Policy and of any Residual Liability which is attributable to or connected with that Residual Policy;
- (ii) any Residual Asset falling within paragraph (a) or (c) of the definition of Residual Asset, and of any Residual Liability which is attributable to or connected with that Residual Asset; or
- (iii) any Residual Liability falling within paragraph (a) or (e) of the definition of Residual Liability,

the date on which any impediment to its transfer shall have been removed or overcome or the date of any Vesting Order providing for its transfer; and

(b) in respect of:

- (i) any Residual Policy falling within paragraph (b) of the definition of Residual Policy and of any Residual Liability which is attributable to or connected with that Residual Policy;
- (ii) any Residual Asset falling within paragraph (b) of the definition of Residual Asset and of any Residual Liability which is attributable to or connected with that Residual Asset; or
- (iii) any Residual Liability falling within paragraph (b) of the definition of Residual Liability

the date on which the Relevant Transferor and the Transferee agree that the transfer should take effect

**Tax or Taxation** means any form of taxation, levy, duty, charge, contribution, withholding or impost of whatever nature (including any related fine, penalty, surcharge or interest) imposed, collected or assessed by, or payable to, a Tax Authority and includes, for the avoidance of doubt, income tax and amounts equivalent to or in respect of income tax required to be deducted or withheld from or accounted for in respect of any payment

**Tax Assets and Liabilities** means all assets or liabilities to, or in respect of, Tax which are attributable to the Transferring DLUK Business in respect of the period prior to the Effective Date

**Tax Authority** means any government, state or municipality or any local, state, federal or other authority, body or official anywhere in the world exercising a fiscal, revenue, customs or excise function including HM Revenue and Customs

**Transferee** means DARAG Insurance UK Limited, a private limited company incorporated in England and Wales with registered company number 03654581 and whose registered office is at 25 Eastcheap, 4th Floor, London, England, EC3M 1DT

**Transferee Account** means the bank account of the Transferee details of which are notified to the Relevant Transferor in writing

**Transferors** means Soteria and DLUK

**Transferring Business** means:

- (a) the Business;
- (a) the rights, claims and Liabilities arising under the Transferring Policies and the Inuring Reinsurance Covers;
- (b) all rights, title and interest of Soteria and/or DLUK in the relevant Books and Records, provided that in the case of any record which does not relate exclusively to the Transferring Soteria Policies, Soteria may redact such parts which do not relate to the Transferring Soteria Policies and retain the original provided that it delivers to the Transferee a redacted copy of the original;
- (c) all premiums, Recoveries and other receivables that relate to the Business;
- (d) all causes of action against third parties relating to the Business whatsoever and howsoever arising;
- (e) all transferable permits used in connection with the Business;
- (f) all goodwill associated with the Business;
- (g) the rights, claims and liabilities arising under the EIROS Management Services Agreement in the period after the Effective Date;
- (h) in respect of DLUK:
  - (i) the Financial Assets; and
  - (ii) the Tax Assets and Liabilities;
- (i) to the extent not comprised in paragraph (a) to paragraph (h):
  - (i) all assets and rights whatsoever and wheresoever owned by DLUK as at the Effective Date in connection with the Transferring DLUK Business; and

- (ii) all Liabilities and obligations of DLUK which were outstanding or accrued as at the Effective Date in connection with the carrying on of the Transferring DLUK Business; and
- (j) in respect of Soteria:
  - (i) the Custody Assets; and
  - (ii) the rights and claims and all Liabilities arising after the Effective Date under the New Insurance Services Agreement,

but excluding the Excluded Assets and the Excluded Liabilities

**Transferring DLUK Business** means the orderly run-off of all liabilities arising under or by virtue of the Transferring DLUK Policies including all activities carried on in connection with or for the purposes of such business

**Transferring DLUK Policies** means all Policies underwritten or assumed by or on behalf of DLUK excluding the Internal QS Agreement

**Transferring Policies** means the Transferring Soteria Policies and the Transferring DLUK Policies

**Transferring Policyholder** means an insured or cedant that has insured a risk with, or ceded a risk to, a Relevant Transferor or to CISL pursuant to a Transferring Policy

**Transferring Soteria Business** means the orderly run-off of all liabilities arising under the Transferring Soteria Policies and including all activities carried on in connection with, or for the purposes of, such business

**Transferring Soteria Policies** means the contracts of insurance underwritten by or on behalf of Soteria prior to, and including, June 2009 and the contracts of insurance originally underwritten by CISL and transferred to Soteria pursuant to Part VII of FSMA with effect from 31 March 2014, comprising:

- (a) Soteria's commercial liability portfolio, comprising the policy types listed in Schedule 1;
- (b) business written as an underwriting member of the EIROS pool with a 1.17% share of business underwritten by that pool; and
- (c) the inward reinsurance policies listed in Schedule 2,

but excluding:

- (d) all contracts of motor and home insurance underwritten by or on behalf of Soteria or CISL;  
and
- (e) those contracts of insurance underwritten by or on behalf of Soteria or CISL which have been ceded to Aviva pursuant to the reinsurance agreement dated 29 October 2008

**UK** means the United Kingdom of Great Britain and Northern Ireland

**VAT** means value added tax or similar turnover or sales taxes, wheresoever imposed (including any interest, surcharges or penalties in respect of the same)

**Vesting Order** means any order made by the Court in relation to the Scheme after the date of the Order and making provision under section 112 of the Act.

1.2 In this Scheme:

- (a) **property and asset** includes property, assets, rights (including contingent rights as to the repayment of tax) and powers of every description (whether present or future, actual or contingent) and includes property and assets held on trust, securities (quoted or unquoted), benefits (including tax benefits), powers of any description and any interest whatsoever in any of the foregoing;
- (b) **transfer** includes (as the context may require) **assign, assignation, assignment, dispose, disposal, novate, novation, convey and conveyance** and shall include a transfer by operation of law;
- (c) any reference to the **contracts, assets or liabilities** of a Relevant Transferor relating to the Transferring Business is a reference to the contracts, assets or liabilities relating to the Transferring Business to which that Relevant Transferor is entitled or subject (whether beneficially or in any fiduciary capacity):
  - (i) wherever they are situated or arise;
  - (ii) whether or not they are capable of being transferred or assigned by that Relevant Transferor; and
  - (iii) whether or not they are expressed to be binding on the successors or assignees of that Relevant Transferor;
- (d) any reference to the singular shall include a reference to the plural and vice versa and any reference to the masculine shall include a reference to the feminine;

- (e) any reference to a **court, tax, accounting or regulatory authority** shall be deemed to include a reference to such authority's successors from time to time;
- (f) any reference to an enactment, a statutory provision or any subordinate legislation shall be deemed to include a reference to that enactment, statutory provision or subordinate legislation as amended, replaced or re-enacted from time to time and to any instrument or order made from time to time under such enactment, statutory provision or subordinate legislation;
- (g) any reference to any rules, regulations or guidance made by the PRA and/or the FCA (as applicable) shall be deemed to include a reference to such rules or regulations as amended or replaced from time to time, and any reference to any provision of the PRA Rulebook or FCA Handbook (as applicable) which is not in force at the date of this Scheme but will be in force by the Effective Date shall, in respect of the period before it comes into force, be deemed to include a reference to such rules or regulations issued by the PRA and/or the FCA (as applicable) as most closely corresponded to that provision at the date of this Scheme;
- (h) references to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall in respect of any jurisdiction other than England be deemed to include what most nearly approximates in that jurisdiction to that English legal term;
- (i) expressions used which have meanings under FSMA shall bear those meanings unless stated otherwise;
- (j) the expressions **subsidiary** and **holding company** shall have the meanings given in section 1159 of the CA 2006, save that for the purposes only of the membership requirement contained in sections 1159(1)(b) and (c) of the CA 2006 a company shall be treated as a member of another company:
  - (i) if any shares in that other company are held by a person acting on behalf of the company or any of its subsidiaries;
  - (ii) if any of its subsidiaries is a member of that other company; or
  - (iii) if any shares in that other company are held by a person (or that person's nominee) by way of security or in connection with the taking of security granted by the company or any of its subsidiaries;
- (k) the expression **subsidiary undertaking** shall have the meaning given in section 1162 of the CA 2006, save that for the purposes of section 1162(2) of the CA 2006, an undertaking

shall also be treated as a member of another undertaking if any shares in that other undertaking are held by a person (or that person's nominee) by way of security or in connection with the taking of security granted by the undertaking or any of its subsidiary undertakings;

- (l) any reference to this Scheme shall include the recitals and Schedules to it and (unless inconsistent with the subject or context) references in this Scheme to paragraphs, parts or Schedules are to paragraphs of, parts of or Schedules to this Scheme;
- (m) the rule known as the *ejusdem generis* rule shall not apply, and accordingly words introduced by words and phrases such as **include**, **including**, **other** and **in particular** shall not be given a restrictive meaning or limit the generality of any preceding words or be construed as being limited to the same class as the preceding words where a wider construction is possible;
- (n) headings are inserted for convenience only and shall not affect the construction of this Scheme;
- (o) any reference to a person shall include a reference to a body corporate, a partnership, an unincorporated association or to a person's executors or administrators;
- (p) any reference to writing shall include any mode of reproducing words in a legible and non-transitory form;
- (q) references to time are to London time; and
- (r) if a period of time is specified from a given day or date or from the day or date of an act or event, it shall be calculated exclusive of that day or date.

## PART B – INTRODUCTION

### 2 Introduction

- 2.1 Soteria (formerly CIS General Insurance Limited) is a private limited company incorporated in England and Wales on 25 June 2020 with registered company number 12698289 and whose registered office is at McLaren House, 100 Kings Road, Brentwood, Essex, England, CM14 4EA. Soteria originally registered as a society under the Industrial and Provident Societies Act 1965 on 20 September 2005 with society number 29999R and converted from a society to a private company limited by shares pursuant to the Co-operative and Community Benefit Societies Act 2014, on 25 June 2020. Soteria is a "UK authorised person" as defined in section 105(8) of FSMA. Soteria has permissions under Part 4A of FSMA to, inter alia, carry out contracts of general insurance in the UK under classes of business 1 to 18 set out in Part I of Schedule 1 to the Regulated Activities Order and the Transferring Business consists of business carried on by Soteria in the UK.
- 2.2 DLUK is a private limited company incorporated in England and Wales on 14 August 2012 with registered company number 08179596 and whose registered office is at 25 Eastcheap, 4th Floor, London, United Kingdom, EC3M 1DT. DLUK is a "UK authorised person" as defined in section 105(8) of FSMA. DLUK has permissions under Part 4A of FSMA to, inter alia, carry out contracts of general insurance in the UK under classes of business 1 to 13 and 16 set out in Part I of Schedule 1 to the Regulated Activities Order and the Transferring Business consists of business carried on by DLUK in the UK.
- 2.3 The Transferee is a private limited company incorporated in England and Wales on 19 October 1998 with registered company number 03654581 and whose registered office is at 25 Eastcheap, 4th Floor, London, England, EC3M 1DT. The Transferee is a "UK authorised person" as defined in section 105(8) of FSMA. The Transferee has permissions under Part 4A of FSMA to, inter alia, to effect and carry out contracts of general insurance in the UK under classes of business 1 to 16 set out in Part I of Schedule 1 to the Regulated Activities Order.
- 2.4 DLUK and the Transferee are members of the same Group.
- 2.5 Soteria, DLUK and the Transferee have agreed that the Transferring Business will transfer to the Transferee pursuant to Part VII of FSMA and in accordance with this Scheme and by virtue of the Order with effect from the Effective Date. The Transferee intends to use the assets it receives pursuant to this Scheme to carry on the Transferring Business.

## **PART C – THE TRANSFER**

### **3 Transfer of the Transferring Business**

#### **3.1 Transferring Business**

- (a) Subject to paragraph 3.2, with effect on and from the Effective Date:
- (i) the Transferring Business shall, by the Order and without any further act or instrument, be transferred to, and vested in, the Transferee in accordance with this Scheme;
  - (ii) each Liability forming part of the Transferring Business shall, by the Order and without any further act or instrument, be transferred to, and become a liability of, the Transferee and the Transferee shall succeed to each such Liability as if in all respects it were the same person in law as the Relevant Transferor and each such Liability shall cease to be a liability of the Relevant Transferor; and
  - (iii) the Transferee shall accept the transfer of the rights and Liabilities under the Transferring Policies irrespective of the governing law of those policies.

#### **3.2 Residual Assets, Residual Liabilities and Residual Policies**

- (a) With effect on and from each Subsequent Transfer Date, each Residual Asset to which such Subsequent Transfer Date applies shall, by the Order and without any further act or instrument, be transferred to, and be vested in, the Transferee subject to all Encumbrances affecting such Residual Asset.
- (b) With effect on and from each Subsequent Transfer Date, each Residual Liability to which such Subsequent Transfer Date applies shall, by the Order and without any further act or instrument, be transferred to, and become a liability of, the Transferee and the Transferee shall succeed to each such Residual Liability as if in all respects it were the same person in law as the Relevant Transferor and each such Residual Liability shall cease to be a liability of the Relevant Transferor.
- (c) With effect on and from each Subsequent Transfer Date, each Residual Policy to which such Subsequent Transfer Date applies, and all the Residual Assets and Residual Liabilities relating to such Residual Policy, shall to the extent not previously transferred, by the Order and without further act or instrument be transferred to, and vested in, the Transferee.

- 3.3 The transfer of the Transferring Business to the Transferee shall have effect notwithstanding any provision (whether express or implied) to the contrary in any contract or arrangement with any policyholder or any other person.
- 3.4 The transfers effected pursuant to paragraph 3.1 and 3.2 shall have effect whether or not the Relevant Transferor would, other than pursuant to the terms of this Scheme, have capacity to effect the same.

#### **4 Consequences of the Transfer**

- 4.1 Subject to paragraph 4.11, with effect on and from the Effective Date the Transferee shall, by the Order and without any further act or instrument, be entitled to all the rights, benefits, powers and be subject to all the obligations and Liabilities of the Relevant Transferor comprised in the Transferring Business subsisting on the Effective Date.
- 4.2 Subject to paragraph 4.11, every Transferring Policy shall be construed, and have effect, on and from the Effective Date as if the Transferee had always been an original party thereto from inception instead of the Relevant Transferor (such that the Transferring Policy shall continue in force as between the Transferee and the relevant policyholder or other party thereto on the terms which applied to that Transferring Policy prior to the Effective Date, but without prejudice to any right which the Transferee may have subsequently to vary, terminate or avoid such Transferring Policy whether under the terms thereof or at law).
- 4.3 The transfer and vesting of any asset or Liability relating to any part of the Transferring Business by virtue of the Order and this Scheme shall not:
- (a) invalidate or discharge any contract, security interest or any other agreement or arrangement having a similar effect;
  - (b) require further registration in respect of any security;
  - (c) constitute a breach of, or default under, or require any obligation to be performed sooner or later than would have otherwise been the case under, any contract or instrument to which a Relevant Transferor or the Transferee is a party or is bound;
  - (d) allow any party to a contract to which a Relevant Transferor or the Transferee is a party to terminate that contract when he would not otherwise have been able to terminate it;
  - (e) entitle any party to any contract to which a Relevant Transferor or the Transferee is a party to vary the terms of that contract when he would not otherwise have been able to vary those terms or confer a right or benefit on him which he would not otherwise have had; or

- (f) confer any greater or lesser rights or benefits, or impose any greater or lesser obligations, on any party to any contract to which a Relevant Transferor or the Transferee is a party when that greater or lesser obligation would not otherwise have been imposed.
- 4.4 Subject to paragraph 4.11, every Transferring Policyholder shall, with effect on and from the Effective Date and to the exclusion of any rights he may have against the Relevant Transferor under any Transferring Policy, be entitled to the same rights against the Transferee as were available to him against the Relevant Transferor under such Transferring Policies.
- 4.5 All premiums and other amounts attributable or referable to the Transferring Policies which are payable to the Relevant Transferor shall on and after the Effective Date be payable to the Transferee and shall be receivable and received by the Transferee.
- 4.6 The Transferee shall be entitled to any and all defences, claims, counterclaims and rights of set-off under the Transferring Policies which would have been available to the Relevant Transferor including, without limitation, as a result of the commutation of any Transferring Policy.
- 4.7 Subject to paragraph 4.11, every Transferring Policyholder shall, with effect on and from the Effective Date, in substitution for any Liability or obligation owed by him under a Transferring Policy to the Relevant Transferor, be under the same Liability or obligation to the Transferee.
- 4.8 Subject to paragraph 4.11, all references (however worded and whether express or implied) in any Transferring Policy (to the extent they relate to the Relevant Transferor's participation on that Transferring Policy) to Soteria or DLUK, the board of directors of Soteria or DLUK, or any other officers, employees or agents of Soteria or DLUK shall from and after the Effective Date be read as references to the Transferee, the board of directors of the Transferee, or any other officers, employees or agents of the Transferee. In particular, but without limitation, all rights and/or duties exercisable, or expressed to be exercisable, or responsibilities to be performed by the Relevant Transferor, the board of directors of the Relevant Transferor, or any other officers, employees or agents of the Relevant Transferor in relation to any of the Transferring Policies shall, with effect on and from the Effective Date, be exercisable or required to be performed by the Transferee, the board of directors of the Transferee or any other officers, employees or agents of the Transferee.
- 4.9 Subject to paragraph 4.11, with effect on and from the Effective Date the Inuring Reinsurance Covers shall continue in force with the substitution of the Transferee in place of the Relevant Transferor as the reinsured party and on the terms which applied before the Effective Date and on the basis that the Transferee is reinsured thereby or as the beneficiary thereof for all purposes as if all references (however worded and whether express or implied) to the Relevant Transferor (including any predecessor to the Relevant Transferor as cedant under the relevant Inuring Reinsurance Covers) were references to the Transferee.

- 4.10 The provisions of paragraph 4.1 to 4.8 shall apply, *mutatis mutandis*, to the New Insurance Services Agreement.
- 4.11 The provisions of paragraphs 4.1, 4.2, 4.4, 4.7, 4.8 and 4.9 shall apply, *mutatis mutandis*, to Residual Policies, Residual Assets and Residual Liabilities as if references therein to the Effective Date were to the Subsequent Transfer Date applicable to such Residual Policy, Residual Asset or Residual Liability (as the case may be).
- 4.12 With effect on and from the Effective Date, each Transferor shall pay to the Transferee all sums, and account to the Transferee for all benefits, which may be received by the Relevant Transferor in respect of the Transferring Business.
- 4.13 The sums and benefits referred to in paragraph 4.12 shall include (without limitation):
- (a) all premiums and reinsurance recoveries attributable or referable to the Transferring Business;
  - (b) all income attributable to the Custody Assets which has not been credited to the Custody Accounts or paid to the Transferee at the Effective Date; and
  - (c) any proceeds of sale or income or other accrual or return whatsoever, whether or not in any case in the form of cash, earned or received from time to time after the Effective Date in respect of any Residual Asset but excluding, for the avoidance of doubt, any Excluded Assets.
- 4.14 Within 20 Business Days following the Effective Date, Soteria shall send to the Transferee a statement (the **Custody Assets Statement**) setting out its calculation of the value of the Custody Assets and the amount (if any) by which such value exceeds or is lower than the value of the assets transferred to the Transferee from the Custody Accounts on the Effective Date, together with supporting information for that calculation. In the event that the Transferee disagrees with the Custody Assets Statement, it shall notify Soteria of that fact providing details of the disputed matters within a further ten Business Days, failing which the amount of the Custody Assets set out in the Custody Assets Statement shall be deemed to be agreed and shall be final and binding on Soteria and the Transferee.
- 4.15 In the event that the Transferee disagrees with any aspect of the Custody Assets Statement within the timeframe laid down by paragraph 4.14 and Soteria and the Transferee are unable to reach agreement on the disputed matters within ten Business Days following the notice sent by the Transferee, they shall refer the dispute to an appropriately qualified accountant (the **Expert**) who shall be jointly appointed by them or in default of such appointment nominated by the president of the Institute of Chartered Accountants in England and Wales on the application of either of them. The Expert shall act as an expert and not as an arbitrator and their decision as to the

matters in dispute and the resulting value of the Custody Assets shall be final and binding on both Soteria and the Transferee to the extent permitted by law.

- 4.16 Where the value of the Custody Assets transferred to the Transferee on the Effective Date as agreed or deemed to be agreed by Soteria and the Transferee or as determined by the Expert:
- (a) exceeds the value of the Custody Assets according to the Custody Assets Statement, the Transferee shall transfer a sum equal to the amount of the excess to Soteria; and
  - (b) is lower than the value of the Custody Assets according to the Custody Assets Statement, Soteria shall transfer a sum equal to the deficit to the Transferee.
- 4.17 On the Effective Date each Transferor shall, to the extent in its possession or control, deliver or cause to be delivered to the Transferee the Books and Records which are capable of being transferred by delivery.

## **5 Administration of Residual Policies**

- 5.1 Soteria and DLUK hereby appoint the Transferee to administer, adjudicate and settle all Liabilities relating to any Residual Policy and comprised in the Transferring Business.

## **6 Declaration of Trust by Soteria and DLUK**

- 6.1 Soteria and DLUK shall, with effect on and from the Effective Date, until the relevant Subsequent Transfer Date or for so long as is legally permissible (but save to the extent that giving effect to such a trust would have the effect of transferring any interest falling within the definition of Residual Assets or Excluded Assets), hold the relevant Residual Assets as trustee and in trust for the Transferee absolutely.
- 6.2 The Relevant Transferor shall be subject to the Transferee's direction in respect of any such Residual Asset until it is transferred to, or otherwise vested in, the Transferee or is disposed of (whereupon the Relevant Transferor shall account to the Transferee for the proceeds of sale thereon). The Transferee shall have authority (with authority to sub-delegate) to act as the attorney of the Relevant Transferor in respect of any such Residual Asset for all such purposes.
- 6.3 In the event of any payment (including any reinsurance receipts) being made to, property being received by, or a right being conferred upon the Relevant Transferor in relation to any Residual Asset, the Relevant Transferor shall as soon as is reasonably practicable notify the Transferee and pay over the full amount of such payment or (to the extent to which it is able to do so) transfer such property or right to the Transferee or otherwise in accordance with the reasonable directions of the Transferee and the Transferee shall on demand indemnify the Relevant Transferor against any reasonable costs properly incurred by it to complete such transaction.

## 7 Indemnities in favour of Soteria and DLUK

7.1 With effect on and from the Effective Date, the Transferee shall discharge on behalf of the Relevant Transferor or, failing that, indemnify the Relevant Transferor against all Liabilities comprised in the Transferring Business whether the same shall arise prior to or following the Effective Date but, where such Liabilities are the subject of a policy of indemnity insurance or a claim or right of recovery against a third party which constitutes a Residual Asset that has not yet transferred to the Transferee, the Transferee shall not discharge on behalf of, or indemnify, the Relevant Transferor to the extent that the Relevant Transferor has successfully claimed under such a policy or against such third party. The Transferee shall indemnify, and keep indemnified, Soteria and DLUK against any cost or Liability it may incur with the prior approval of the Transferee in taking such action.

7.2 Where the Relevant Transferor is entitled to receive an amount pursuant to the indemnities contained in paragraph 7.1, it shall be entitled to receive such amount on the basis that the amount payable by the Transferee pursuant to such obligation (the **Payment**) shall be calculated in such a manner as will ensure that the Relevant Transferor is in the same position as that in which it would have been if the matter giving rise to the Payment had not occurred, including by taking into account:

- (a) any taxation required to be deducted or withheld by the Transferee from the Payment;
- (b) the amount of any additional taxation which becomes payable by the Relevant Transferor as a result of the Payment being subject to taxation in the hands of the Relevant Transferor; and
- (c) the amount of any tax relief which is obtained by the Relevant Transferor or another member of its Group, to the extent that such tax relief is attributable to the matter giving rise to the Payment or as a result of receiving the Payment,

(which taxation and tax relief is to be determined, by taking into account its value, certainty of its availability and timing of its utilisation, by the Relevant Transferor, acting reasonably and in good faith, to the reasonable satisfaction of the Transferee).

7.3 For the avoidance of doubt, neither Soteria nor DLUK shall be entitled to obtain payment or indemnity more than once in respect of any shortfall or other event or any other circumstances which give rise to a claim under this Scheme or any other related agreement between the parties.

## 8 Continuity of Proceedings

8.1 With effect on and from the Effective Date, subject to paragraph 8.2:

- (a) any Proceedings in connection with, or relating to, the Transferring Business (or any part of it) which have at the Effective Date been, or subsequently are, commenced by or on behalf of, or against, the Relevant Transferor in connection with the Transferring Business (or any part of it) shall be continued by or on behalf of or against the Transferee (in place of the Relevant Transferor) without the need for further order whether for substitution of parties or otherwise; and
- (b) any final judgment, order or award in respect of or in connection with the Transferring Business (or any part of it) that is not subject to further appeal obtained:
  - (i) by or against a Transferor and which is not fully satisfied before the Effective Date (or, if applicable, the relevant Subsequent Transfer Date) shall, on and from that date, to the extent to which it was enforceable by or against the Relevant Transferor immediately prior to such date, become enforceable by or against the Transferee (to the exclusion of the Relevant Transferor) without the need for further order; and
  - (ii) against a Transferor on or after the Effective Date (or, if applicable, the relevant Subsequent Transfer Date) shall on and from that date be enforceable against the Transferee (to the exclusion of the Relevant Transferor) without the need for further order,

and the Transferee shall comply with such judgment, order or award.

- 8.2 Paragraph 8.1 shall apply, *mutatis mutandis*, to Proceedings in connection with any Residual Policies, Residual Asset or Residual Liability as if references therein to the Effective Date were to the Subsequent Transfer Date applicable to such Residual Policy, Residual Asset or Residual Liability (as the case may be).
- 8.3 All documents which would before the Effective Date have been evidence in respect of any matter for or against the Relevant Transferor shall be admissible in evidence in respect of the same matter for or against the Transferee.
- 8.4 With effect on and from the Effective Date, the Transferee shall be entitled to direct the Relevant Transferor as to the conduct of any on-going Proceedings referred to in paragraph 8.1 or 8.2 and the Transferee shall have full authority (with authority to sub-delegate) to act on behalf of the Relevant Transferor in respect of any such Proceedings.
- 8.5 Following the Effective Date, the Transferors and the Transferee shall use reasonable endeavours to obtain the substitution of the Transferee for the Relevant Transferor as a party to any Proceedings in respect of or in connection with the Transferring Business in any jurisdiction outside the UK and until such substitution is effected the Transferee shall have the right to direct the conduct of such Proceedings.

8.6 The Transferee shall not assert in any dispute, controversy, claim or proceeding in any jurisdiction arising out of or in connection with a Transferring Policy that the Scheme is ineffective or invalid under the law of that jurisdiction to transfer rights and obligations under the Transferring Policies to the Transferee.

## **9 Payment mandates**

9.1 Subject to paragraph 9.4, all premiums and other payments payable to the Relevant Transferor attributable or referable to the Transferring Policies shall from the Effective Date be payable to the Transferee.

9.2 Any mandate, standing order or other instruction or authority in force on the Effective Date (including, without limitation, any instruction given to a bank by its customer in the form of a direct debit or standing order) and providing for payment by a bank or other intermediary of premiums or any other amount payable under any Transferring Policy shall continue in force as an effective mandate, instruction or authority to the Transferee.

9.3 Any mandate or other instruction or authority in force on the Effective Date as to the manner of payment by the Relevant Transferor of any sum payable under any Transferring Policy shall continue in force as an effective mandate, instruction or authority to the Transferee.

9.4 In the case of premiums attributable or referable to Residual Policies the provisions of paragraphs 9.1 to 9.3 shall apply to each such Residual Policy with effect from the relevant Subsequent Transfer Date.

## **10 Further assurance**

10.1 Soteria, DLUK and the Transferee shall, as and when necessary or appropriate, execute and deliver (or, if applicable, procure the execution and deliverance of) all documents (including assignments or novations, as appropriate) and shall, as and when appropriate, perform all such other acts as may be reasonably required to effect or perfect the transfer to, and vesting in, the Transferee of the Transferring Business in accordance with the terms of this Scheme, including, for the purposes of clarity, obtaining any required consent or waiver in respect of any Residual Asset or Residual Liability.

## **11 Privacy and data protection**

11.1 In this paragraph 11, terms shall be construed in accordance with the definitions in the Data Protection Legislation.

11.2 With effect on and from the Effective Date, the Transferee shall:

- (a) succeed to all rights, Liabilities (to the extent arising and referable to the period on and after the Effective Date) and obligations of the Relevant Transferor in respect of data which relates to the Transferring Business and which is subject to the Data Protection Legislation;
- (b) become the data controller of any data which relates to the Transferring Business and which is subject to the Data Protection Legislation in place of the Relevant Transferor and shall be deemed to have been the data controller of all such data at all material times when data was processed; and
- (c) in respect of data which relates to the Transferring Business, be under the same duty by virtue of any law as the Relevant Transferor was under to respect the confidentiality and privacy of any person in relation to that data and shall be bound by any specific notice given or request made by the data subject which was binding on the Relevant Transferor and which required the Relevant Transferor not to use data for marketing purposes.

11.3 In any consent given by a data subject in respect of such data as is mentioned in paragraph 11.2, any reference to the Relevant Transferor (or to any member of their Group) shall be deemed to include a reference to the Transferee (and to any member of the Transferee's Group), provided, however, that where any data subjects referred to in paragraph 11.2 continue also to be data subjects of the Relevant Transferor after the Effective Date, then any consent given by a data subject shall also continue to apply to the Relevant Transferor (as the case may be) (or to any member of its Group).

11.4 Where a Transferring Policyholder has made a Data Subject Request to the Relevant Transferor before the Effective Date and, where applicable, the Relevant Transferor has not responded with a copy of the personal data controlled by it in accordance with the Data Protection Legislation before the Effective Date, the Transferee shall respond to the request, in accordance with the Data Protection Legislation, where applicable by providing copies of the personal data that were held by the Relevant Transferor immediately before the Effective Date and transferred to the Transferee as part of the Transferring Business.

11.5 With effect on and from the Effective Date, the Transferee shall owe to the Transferring Policyholders, or to any other person, the same duties of confidentiality and privacy (whether pursuant to statute or contract) as those which the Relevant Transferor owed in relation to the Transferring Business immediately prior to the Effective Date.

## **PART D – MISCELLANEOUS PROVISIONS**

### **12 Effective Date**

- 12.1 Subject to paragraph 12.2, this Scheme shall become operative at 23:59 GMT on 30 September 2026 or such other time and date as the Transferors and the Transferee, acting by their respective boards, may agree in writing (being a date and time falling after the making of the Order sanctioning this Scheme).
- 12.2 This Scheme shall lapse if it does not become effective on or before the later of:
- (a) 23:59 GMT on 31 October 2026; and
  - (b) such date as the Court may allow on the application of the Transferors and the Transferee.
- 12.3 Notwithstanding paragraphs 12.1 and 12.2, this Scheme shall not become operative unless any modification of, or addition to, this Scheme, or any further condition or provision affecting the same imposed by the Court (or recommended by the Court with a view to it being imposed) has been consented to by the Transferors and the Transferee.

### **13 Modifications, amendments or additions**

- 13.1 The Transferors and the Transferee may consent on their own behalf, and on behalf of all other persons concerned (other than the PRA or the FCA), to any modification, amendment or addition to this Scheme, or to any further condition or provision affecting the same, which the Court may approve or impose prior to the sanction of this Scheme.
- 13.2 Subject to paragraph 13.3, at any time after the sanction of this Scheme, the Transferee and, if in existence at the relevant time, the Transferors shall be at liberty to apply to the Court for consent to amend paragraphs 3 to 11 inclusive, provided that in the case of any amendment to the substance of the Scheme (being a change to the terms of this Scheme which is not immaterial):
- (a) the PRA and the FCA shall be notified in advance and in good time of (and, in any event, not less than six weeks prior to), and shall have the right to be heard at, any hearing of the Court at which such application is considered; and
  - (b) such application shall be accompanied by a certificate (supported by a report which has been prepared on the basis of the most recent available financial information) from the Independent Expert or another independent actuary to the effect that in his opinion the proposed amendment will not materially adversely affect the Transferring Policyholders.

If the consent of the Court is granted, the Transferee may amend the terms of this Scheme in accordance with such consent.

13.3 The Transferee and, if in existence at the relevant time, the Transferors may amend this Scheme without further sanction of the Court to correct a manifest error or minor or technical amendment (including to reflect changes required by law or regulation, including changes in generally accepted actuarial practice) provided that:

- (a) the PRA and the FCA have been notified of the proposed amendment, and
- (b) a period of twenty eight (28) days commencing on the later of the date of an acknowledgement of receipt of the relevant notification by the PRA or the FCA has passed without the PRA or the FCA, respectively, indicating any objection thereto.

## **14 Evidence of transfer**

14.1 The production of a copy of the Order, with any modifications made under paragraph 13, for all purposes shall be evidence of the transfer to, and vesting in, the Transferee of the Transferring Business in accordance with the Order and the provisions of this Scheme.

14.2 In order to enable the Transferee to complete any title to any property or interest in land transferred to, and vested in, it by virtue of this Scheme and, without prejudice to paragraphs 3 to 12 inclusive and 13, by notice of title or otherwise, or to deduce title, this Scheme and/or the Order, with any modifications made under paragraph 13, together with any document ancillary thereto (including a certificate of any officer or employee of the Transferee identifying the relevant property or interest in land) shall be deemed to be, and may be used as, a general disposition, conveyance or as the case may be, assignation, of such property or interest in favour of the Transferee.

## **15 Successors and assigns**

This Scheme will bind, and (to the extent permitted by law) enure, to the benefit of the successors and assigns of each of the Transferors and the Transferee.

## **16 Tax**

The Transferors and the Transferee agree that the transfer of the Transferring Business under this Scheme will qualify as a transfer of a going concern for VAT purposes and, accordingly, intend that no VAT shall be chargeable on the transfer of the Transferring Business.

## **17 Governing Law**

This Scheme shall be governed by and construed in accordance with English law.

Dated this 20<sup>th</sup> day of May 2026.

## Schedule 1

### Soteria's commercial liability portfolio

Prefix	Policy type
CL	Employer's Liability Insurance
CLS	Employer's Liability (Co-op Societies)
PL	Public Liability
PLS	Public Liability (Co-op Societies)
FC	Farmers
E	Electioneering
DE	Duke of Edinburgh's Award Youth Group Insurance
SE	Special Events Insurance
POL	Property Owners Liability
DA	Horse Driving Accidents
CI	Contractor's Indemnity
PCA	Pedal Cycle Accident
LP	Legal Protection Insurance
DS	Domestic Servants
EI	Employer's Indemnity
GL/GLP/GLC	General Liability
CLF	Common Law Farmers
OTH	Other Offices insurance
CC	Commercial Combined
SC	Shopkeepers
BC	Hoteliers

## Schedule 2

### Soteria's Inward Reinsurance Policies

<b>Cedant</b>	<b>Class of business</b>
BIATMC	Aviation
Chubb European	Aviation
Co-operators General	Property Surplus
Nationwide Mutual Insurance Pool Interests	Casualty
Norwich Union	Aviation
Westminster	Aviation