

PROPOSED TRANSFER OF INSURANCE BUSINESS

by

SOTERIA INSURANCE LIMITED

and

DARAG LEGACY UK LTD

to

DARAG INSURANCE UK LIMITED

INFORMATION BOOKLET

 **NORTON ROSE FULBRIGHT**

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1 Introduction

This Information Booklet contains information regarding a proposed transfer of insurance policies by Soteria Insurance Limited ("**Soteria**") and a proposed transfer of reinsurance contracts by DARAG Legacy UK Ltd ("**DLUK**") to DARAG Insurance UK Limited ("**DIUK**" or the "**Transferee**") (the "**Transfer**").

The Transfer is proposed to take effect using a procedure called an insurance business transfer scheme, under UK legislation (Part VII of the Financial Services and Markets Act 2000 ("**FSMA**")). The document which sets out the terms of the transfer is referred to as the "**Scheme**".

A summary of the Scheme is at Appendix 1.

A report on the terms of the Scheme has been prepared by Charl Cronje of Lane Clark & Peacock LLP (the "**Independent Expert**"). Further information about the Independent Expert and his report is given at section 12 of this Information Booklet. A summary of the terms of the Independent Expert's report is at Appendix 2.

Under English law, all insurance business transfer schemes must be approved by the Court before they can come into effect. Soteria, DLUK and DIUK have made an application to the Court seeking approval of the Scheme, which is expected to be heard on 17 September 2026. The Court will consider the Independent Expert's report, reports prepared by the Prudential Regulation Authority ("**PRA**") and Financial Conduct Authority ("**FCA**"), who are responsible for the regulation and supervision of insurers in the UK, and any representations made by affected parties, including policyholders. Notice of the hearing of the application is set out at Appendix 3 to this document.

It is anticipated that, if sanctioned by the Court, the Scheme will take effect at 23.59 on 30 September 2026 (the "**Effective Date**").

Information about the hearing and your right to attend, and how to raise any concerns or objections you have at or before the hearing, is given at section 17 of this Information Booklet. You are requested to raise any concerns or objections as soon as possible and ideally before 10 September 2026.

You may contact us for further information by telephone (between 9am and 5pm London time Monday to Friday) or email us or write to us at:

Soteria Insurance Limited

Address: McLaren House, 100 Kings Road, Brentwood, Essex, England, CM14 4EA

Ref: Part VII Transfer

Email: info@partvii.soteriainsurance.co.uk

Telephone: 0800 182 2374

DARAG Insurance UK Limited and DARAG Legacy UK Ltd
Address: 25 Eastcheap, 4th Floor, London EC3M 1DT
Ref: UK Part VII Transfers
Email: projectlegacy@darag-group.com
Telephone: 0204 530 9800

2 Who is Soteria Insurance Limited?

Soteria is an insurance company incorporated in England and Wales and is authorised to carry on general insurance business in the United Kingdom. It was incorporated on 25 June 2020 under the name CIS General Insurance Limited. On 5 January 2021, it changed its name to Soteria Insurance Limited. Soteria is authorised by the PRA and regulated by both the PRA (in relation to prudential matters) and the FCA (in relation to conduct of business matters).

Soteria's business includes commercial liability business for small and medium-sized enterprises, as well as personal lines (motor and home) business. Soteria's personal lines business is not transferring as part of the Transfer. It also includes the general insurance business previously written by Co-operative Insurance Society Limited, which was part of the Co-op Group.

In February 2021, the board of directors of Soteria placed Soteria into run-off. This means that Soteria no longer issues new or renewal policies. Soteria's last policies expired in March 2022. Soteria retains responsibility for liabilities arising from business written on or prior to March 2022.

The principal activity of Soteria post entering into run-off has been the settlement of outstanding claims and administration of existing policies.

3 Who is DARAG Legacy UK Ltd?

DLUK is an insurance company incorporated in England and Wales and authorised to carry on general insurance business in the United Kingdom. DLUK was incorporated on 14 August 2012 and was formerly known as One Re Limited. DLUK is regulated by both the PRA and the FCA. In October 2018, the board of directors of DLUK decided to stop writing new business and place the company into run-off. DLUK was subsequently acquired by DARAG in December 2019 and has since continued as a UK-regulated reinsurance company in run-off.

4 Who is DARAG Insurance UK Limited?

DIUK is an insurance company incorporated in England and Wales and authorised to effect and carry on general insurance business in the United Kingdom. It was incorporated on 19 October 1998. DIUK is regulated by both the PRA and the FCA.

DIUK specialises in acquiring and managing insurance portfolios that are in run-off. Its existing business mainly comprises employers' liability, professional indemnity, general third party liability, financial institution and construction "all risk" policies.

DIUK and DLUK are part of the DARAG group.

5 Why is the Soteria transfer being proposed?

Soteria's parent company, Saturn Holdings PLC ("**Saturn**"), has two UK insurance companies in its group: Soteria and Tradex Insurance Company PLC ("**Tradex**").

As part of Saturn's strategic planning, it is currently considering a range of options in respect of Soteria's remaining personal lines business, including a potential subsequent Part VII transfer to Tradex. Should this separate potential transfer proceed, there would be no remaining insurance liabilities in Soteria. In this case, Saturn would plan to close Soteria, leaving Saturn with Tradex as its sole UK risk carrier.

6 Why is the DLUK transfer being proposed?

The proposed transfer of the DLUK business will leave DLUK with one remaining reinsurance agreement, which will be commuted (i.e. settled with a single payment) shortly after the Transfer. This will leave DLUK without any insurance liabilities, following which the intention is for DLUK to be deauthorised and closed.

7 What is being transferred by Soteria?

The business to be transferred by Soteria comprises:

1. its commercial liability portfolio, which includes a variety of lines of business, but primarily is formed of: employers' liability, commercial combined, general liability and public liability policies;
2. six inward reinsurance policies underwritten by Soteria between 1974 and 2004 covering aviation, property surplus and casualty business; and
3. business underwritten by Soteria as an underwriting member of the Electricity Industry Run-Off Services Limited ("**EIROS**") pool with a 1.17% share of business underwritten by that pool. The policies in the EIROS pool relate to employers' liability, public liability and other risks.

8 What is being transferred by DLUK?

The transferring business of DLUK comprises predominantly Africa-based reinsurance policies.

9 What is not being transferred?

Soteria's remaining business, which is not subject to the Transfer, comprises home and motor liabilities. These will continue to be run off by Soteria.

DLUK's remaining business will be a reinsurance agreement with another company in the DARAG group, DARAG Deutschland AG. This reinsurance agreement is intended to be commuted (i.e. settled with a single payment) shortly after the Transfer.

10 What is an Insurance Business Transfer Scheme?

An insurance business transfer scheme is a mechanism provided for in Part VII of FSMA which enables one insurer to transfer its insurance business to another insurer. Such a scheme requires the approval of the Court, which has wide powers to authorise the transfer not only of insurance and reinsurance business underwritten by an insurer, but of any other assets or liabilities of the insurer.

11 What happens if the Transfer becomes effective?

A summary of the Scheme, the legal document which sets out full details of the terms on which the Transfer will take effect, is provided at Appendix 1 to this Information Booklet.

If the Transfer proceeds, Soteria's and DLUK's rights and obligations under the transferring policies will transfer without alteration to DIUK, and DIUK will replace Soteria and DLUK as insurer under all of the transferring policies. All rights and obligations a policyholder has under their policy with either Soteria or DLUK will remain unchanged, but will be exercisable against, or owed to, DIUK instead of Soteria or DLUK. Valid claims will continue to be paid, although the party liable to make payment will be DIUK, rather than Soteria or DLUK.

Following the Transfer, claims will continue to be handled by the parties that currently handle claims, and policyholders will experience no difference in the approach to claims handling. There is not expected to be any change in the quality of policyholders' claims handling experience as a result.

The Scheme also transfers reinsurance policies to the extent that they protect transferring policies. Reinsurance is an arrangement between one insurer and another to share or pass on risk, and DLUK has reinsurance policies in place protecting the policies that are intended to transfer to DIUK.

12 The Independent Expert

The Independent Expert, Charl Cronje, of Lane Clark & Peacock LLP, is a Fellow of the Institute and Faculty of Actuaries in the UK.

Mr Cronje has been appointed the Independent Expert for five Part VII transfers and has been the peer reviewer for several further transfers. He was recently appointed by the UK Lord Chancellor as a member of the Expert Panel advising on the Personal Injury Discount Rate in England and Wales. Mr Cronje holds a Lloyd's Syndicate Actuary practising certificate and UK Chief Actuary practising certificate. He has acted as the signing actuary on nine Lloyd's syndicates.

The Independent Expert has an overriding duty of responsibility to the Court, and not to Soteria, DLUK or DIUK, and is independent of Soteria, DLUK and DIUK.

13 What does the Independent Expert's report cover?

An independent expert's report must be impartial and based on a thorough scrutiny of the insurance business transfer scheme and the businesses of the parties to it. Soteria, DLUK and DIUK have each provided the Independent Expert with access to key staff and any information he has requested, both private and public.

In his report, the Independent Expert has considered the likely effect of the Scheme on policyholders, including whether the Scheme will result in material adverse impact on any policyholders affected by the Scheme, relative to their current situation.

In summary, the Independent Expert's report concludes at paragraph 1.3 that:

- (a) the Transfer is unlikely to have a materially adverse impact on the security provided to the transferring policyholders of Soteria or DLUK; the non-transferring policyholders of Soteria or DLUK; or the existing policyholders of DIUK; and
- (b) no material impact on service standards is expected for the transferring policyholders of Soteria or DLUK; the non-transferring policyholders of Soteria or DLUK; or the existing policyholders of DIUK.

A full copy of the Independent Expert's report will be published on the website <https://www.soteriainsurance.co.uk/part-vii-transfer> and will be provided in print free of charge on request to be made via the contact details given on page 1 of this Information Booklet. A summary of the report prepared by the Independent Expert is at Appendix 2 to this Information Booklet.

The Independent Expert will submit a supplemental report shortly before the hearing of the application to approve the Scheme explaining whether there have been any relevant developments since his initial report, and if so whether they affect his conclusions. A full copy of the Independent Expert's supplemental report will be published on the website <https://www.soteriainsurance.co.uk/part-vii-transfer> and on the website www.darag-group.com/contact-us/UK-Part-VII-Transfers prior to the hearing of the application to sanction the Scheme.

14 Where and when will the Court hearing take place?

The Court hearing is scheduled to take place on 17 September 2026 at the High Court — Business and Property Courts of England and Wales, The Rolls Building, 7 Rolls Buildings, Fetter Lane, London EC4A 1NL. Formal notice of the hearing is at Appendix 3 to this Information Booklet. Any change to this date will be published on the website <https://www.soteriainsurance.co.uk/part-vii-transfer> and on the website www.daragroup.com/contact-us/UK-Part-VII-Transfers.

It is possible that the Court hearing will be conducted remotely, and that no one will attend in person. The position will be confirmed on the website <https://www.soteriainsurance.co.uk/part-vii-transfer> and on the website www.daragroup.com/contact-us/UK-Part-VII-Transfers prior to the hearing.

15 Who can attend?

Any person may attend the hearing, although as noted above it may be that attendance will be remote, rather than in person. Policyholders, and any other party who believes they may be adversely affected by the Scheme, are entitled to be heard at the hearing and to raise objections to the Scheme, stating how they may be adversely affected. Further details of what to do if you wish to raise objections at the hearing are given in the "Next Steps" section below.

16 Liaison with Regulators

Soteria, DLUK and DIUK have liaised closely with the PRA and the FCA in relation to the Transfer.

The form of the notice at Appendix 3 to this Information Booklet has been approved by the PRA. The appointment of Charl Cronje as independent expert and the form of the Independent Expert's report were approved by the PRA having consulted with the FCA.

17 Next steps

We hope this document provides you with the information you need to understand what is proposed. If you have any questions, you can contact us via the contact details on page 1 of this Information Booklet.

If you do not think you are adversely affected and have no objections to the Scheme you do not have to do anything.

However, if you consider you may be adversely affected by the Scheme or you object to the Scheme or if you need any further information, then please let us know. You can call us between 9am and 5pm Monday to Friday, email us or write to us at the contact details provided on page 1 of this Information Booklet.

Appendix 1
Summary of the Scheme

SUMMARY OF THE SCHEME

1 Introduction

- 1.1 This document sets out a summary of the effect of the Scheme.
- 1.2 This document is only a summary. The terms of the Scheme are set out in full in the complete Scheme document (the **Scheme Document**) which is available free of charge on request to the contacts set out at page 1 of the Information Booklet. Words used in this summary but not otherwise defined shall have the meaning given to them in the Scheme Document.

2 Summary of the Scheme

- 2.1 The following is a summary of the main points of the Scheme.
- 2.2 In addition, Soteria, DLUK and the Transferee have prepared a series of policyholder communications, of which this summary forms part, which are available at <https://www.soteriainsurance.co.uk/part-vii-transfer>.

The Effect of the Scheme

- 2.3 As stated above, the Scheme is intended to effect the transfer all of the Transferring Business from the Transferors to the Transferee (the **Transfer**). In summary, the **Transferring Business** comprises:
- (a) the orderly run-off of all liabilities arising under the Transferring Soteria Policies and the Transferring DLUK Policies (together the **Transferring Policies**) and including all activities carried on in connection with or for the purposes of such business (the **Business**);
 - (b) the rights, claims and liabilities arising under the Transferring Soteria Policies and the Transferring DLUK Policies and any reinsurance policy under which DLUK is reinsured in respect of a Transferring DLUK Policy;
 - (c) the relevant books and records relating to the Transferring Soteria Policies and/or the Transferring DLUK Policies;
 - (d) all premiums, recoveries and other receivables that relate to the Business;
 - (e) all causes of action against third parties relating to the Business;
 - (f) all transferable permits used in connection with the Business;

- (g) all goodwill associated with the Business;

- (h) in respect of DLUK:
 - (i) all cash at bank, cash equivalents, corporate and government bonds, and other financial investments; and
 - (ii) all assets or liabilities in respect of Tax which are attributable to the Transferring DLUK Business;

- (i) to the extent not comprised in paragraph (a) to paragraph (h), all assets and rights owned by, and liabilities and obligations of, DLUK in connection with the Transferring DLUK Business;

- (j) in respect of Soteria:
 - (i) the eligible assets held in the Soteria Custody Accounts;
 - (ii) all rights, claims and liabilities arising under the management services agreement entered into between various insurers and Electricity Insurance Run Off Services Limited (**EIROS**) in relation to the EIROS pool (the **EIROS Management Services Agreement**); and
 - (iii) all rights and claims and liabilities under the claims handling agreement entered into between Soteria and Markerstudy Insurance Services Limited (**MISL**),

but excluding the Excluded Assets and the Excluded Liabilities.

Excluded Assets are essentially: (a) in Soteria's case, Tax assets and any other assets not included in the definition of Transferring Business; and (b) in DLUK's case, cash and investments amounting to £5.3m in the aggregate, which will be transferred to DIUK after the Transfer.

Excluded Liabilities include:

- (a) tax liabilities of Soteria;
- (b) any liabilities Soteria has to persons other than policyholders or beneficiaries of policies; and
- (c) any liabilities arising from acts of Soteria before the Effective Date which are breaches of law or regulation, the terms of a Transferring Soteria Policy or the terms of the EIROS Management Services Agreement.

- 2.4 The Scheme will be valid and binding on counterparties to contracts notwithstanding any restriction on transfer or assignment contained in any such contracts.

Claims paid by the Transferee after the Effective Date

- 2.5 It is intended that, with effect on and from the Effective Date, all the rights and obligations arising from the Transferring Business will automatically transfer to the Transferee and will no longer rest with Soteria and/or DLUK. This means that the Transferee will be responsible for paying all claims and meeting all other obligations which were previously obligations of Soteria and/or DLUK in relation to the Transferring Business.

Exceptions

- 2.6 Despite the intention explained in paragraph 2.5 above, the Scheme provides for the possibility that certain liabilities or assets which are intended to transfer may not be, or may not be capable of being, transferred on the Effective Date (**Residual Assets and Liabilities**). Residual Assets and Liabilities will transfer subject to the terms of the Scheme if and when the impediment to transfer is removed. In the meantime, the Transferee will be under an obligation to indemnify the relevant Transferor in respect of any losses or liabilities arising out of the Residual Assets and Liabilities.

No Changes to Policy Terms and Conditions

- 2.7 There will be no changes to the terms and conditions of the Transferring Policies as a result of the Transfer, save that the insurer will be the Transferee not Soteria or DLUK.

Policy administration

- 2.8 There will be no change to the arrangements for policy and claims administration as a result of the Transfer. Policy and claims administration will continue to be carried out by MISL (in respect of the Transferring Soteria Policies) and the same employees within the DARAG group (in respect of the Transferring DLUK Policies) which currently administer those policies, save that after the Transfer these activities will be carried out on behalf of the Transferee.

Continuity of proceedings or litigation

- 2.9 With effect on and from the Effective Date, any Proceedings in connection with or relating to the Transferring Business which have at the Effective Date been or subsequently are commenced by, or on behalf of, or against Soteria or DLUK in connection with the Transferring Business shall be continued by or against the Transferee (in place of Soteria or DLUK, as applicable) without the need for further order whether for substitution of parties or otherwise.

2.10 Any final judgment, order or award in respect of or in connection with the Transferring Business that is not subject to further appeal obtained:

- (a) by or against Soteria or DLUK and which is not fully satisfied before the Effective Date shall be enforceable by or against the Transferee (to the exclusion of Soteria or DLUK, as applicable) without the need for further order; and
- (b) against Soteria or DLUK on or after the Effective Date shall be enforceable against the Transferee (to the exclusion of the Soteria or DLUK, as applicable) without the need for further order,

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

2.11 Where proceedings against Soteria and/or DLUK are ongoing at the Effective Date in a jurisdiction outside the UK, or commenced in such a jurisdiction after the Effective Date, the Transferee will have the authority to conduct these proceedings on behalf of Soteria or DLUK (as applicable).

2.12 The Transferee will not assert in any dispute or proceedings in any jurisdiction relating to a Transferring Policy that the Scheme is ineffective or invalid under the law of that jurisdiction to transfer rights and obligations under the Transferring Policy to the Transferee.

Material changes to the terms and conditions of the Scheme

2.13 The Transferors and the Transferee may, at any time before the Effective Date, consent to any modification of, or addition to, the Scheme or any further condition or provision affecting the Scheme, which the Court may approve or impose.

2.14 After the Scheme has been approved, any material modification or addition to the Scheme must be approved by the Court and must not, in the opinion of the Independent Expert or another independent expert, materially adversely affect the policyholders of the Transferring Policies. The Transferors and the Transferee are also required to consult with the PRA and the FCA in advance of making an application for a material modification of, or addition to, the Scheme.

Costs and Expenses

2.15 None of the costs and expenses relating to the preparation of the Scheme or the Court process will be borne by policyholders.

Governing law

2.16 The Scheme will be governed by and construed in accordance with English law.

Appendix 2
Summary of the Independent Expert's Report

*Summary Report of the Independent Expert on
the proposed transfer of insurance business from*

***Soteria Insurance Limited and DARAG
Legacy UK Limited to DARAG Insurance
UK Limited***

*in accordance with Part VII of the Financial
Services and Markets Act 2000*

*For the High Court of Justice of England and
Wales*

19 May 2026

*Prepared by:
Charl Cronje FIA
LCP*

Soteria Insurance Limited and DARAG Legacy UK Limited to DARAG Insurance UK Limited

Transfer of insurance business

Summary of the Independent Expert’s Scheme Report for the High Court of Justice of England and Wales

1. The Proposed Transfer

The firms involved

Soteria Insurance Limited (Soteria) is a UK-based general insurer that underwrote insurance business covering commercial insurance and personal lines (motor and home). Soteria is a directly owned subsidiary of Saturn Holdings PLC (Saturn Holdings). In February 2021, the Board of Soteria placed Soteria into run-off and regulatory permissions to effect new insurance contracts were cancelled on 29 March 2021. Soteria’s last policies expired in March 2022.

The principal activity of Soteria since entering into run-off has been the settlement of outstanding claims and administration of existing policies in force. Most of these services, including claims handling, are outsourced to Markerstudy Insurance Services Ltd (MISL). Saturn Holdings’ strategy is to close Soteria as soon as possible, whilst ensuring that customers receive good outcomes, suitable provision is made for managing its ongoing insurance obligations and all regulatory requirements are met. The Proposed Transfer, and the subsequent separate potential transfer discussed in paragraph 1.1.22 of my Scheme Report, are fundamental to that aim.

DARAG Legacy UK Limited (DLUK) was formerly known as One Re Limited (One Re). One Re had actively underwritten non-life reinsurance business since 1 January 2015. In October 2018, the Board of Directors decided to cease writing new business and place the company into run-off. DLUK was subsequently acquired by DARAG Deutschland AG (DAG) in December 2019 and has since continued as a UK-regulated reinsurance company in run-off. The business in DLUK consists of a small number of mostly Africa-based reinsurance treaties and an intra-group one-off inwards reinsurance agreement with DAG.

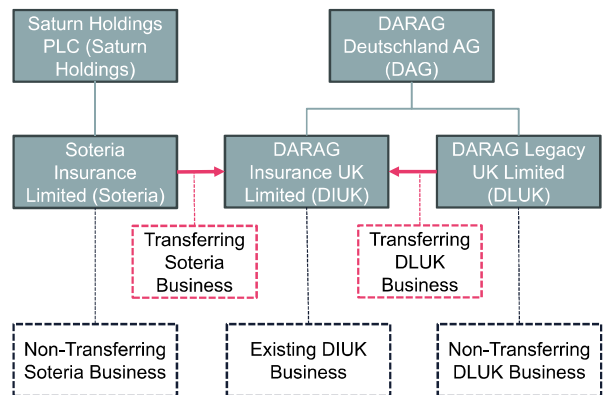
DARAG Insurance UK Limited (DIUK) is a wholly-owned subsidiary of DAG and is incorporated in the UK and licensed as a non-life insurance company with permission to carry out contracts of general insurance. DIUK was incorporated on 19 October 1998 and underwrote non-life insurance business until 11 July 2003, when the company ceased underwriting and went into run-off. DIUK’s existing portfolio mainly comprises employers liability, professional indemnity, general third-party liability, financial institution and construction “all risk” policies. DARAG’s strategy is to actively increase participation in the UK and Gibraltar legacy insurance market focusing on small to mid-sized portfolios. DIUK is planned to be DARAG Group’s UK insurance risk carrier.

The Transferring Business

The Part VII transfer (Proposed Transfer) to DIUK includes:

- The transfer of Soteria’s commercial liability portfolio, policies underwritten by Soteria in its capacity as an underwriting member of the Electricity Industry Run Off Services Limited (EIROS) pool and six inwards reinsurance policies (the Transferring Soteria Business).
- The transfer of DLUK’s mostly Africa-based reinsurance treaties (the Transferring DLUK Business).

The diagram below summarises the key firms involved in the Proposed Transfer.



The Proposed Transfer involves the transfer of two portfolios to DIUK. The parties have informed me that the transfer of these two portfolios is contingent on each other, ie if one of the transfers is not sanctioned, then neither of the transfers will go ahead. I have therefore not considered the impact on policyholders if only one of the transfers goes ahead.

The Transferring Soteria Business consists of:

- Soteria’s commercial liability portfolio (which includes asbestos and other industrial disease liabilities) comprising:
 - commercial liability business for small and medium-sized companies underwritten by CIS General Insurance Limited (CISGIL) (which changed its name to Soteria Insurance Limited on 5 January 2021) between 2006 and 2010; and
 - commercial liability business underwritten by Co-operative Insurance Society Limited (CISL) from the early 1900s until January 2006. CISGIL was established to underwrite all new and renewing general insurance business formerly written by CISL, which was transferred to Soteria in 2014.

- Policies underwritten by Soteria in its capacity as an underwriting member of the EIROS pool (covering risks between the 1950s and the late 1970s) with a 1.17% share of business underwritten by that pool for that period; and
- Six inwards reinsurance policies.

As of June 2025, Soteria had 1,456 open claims, only 36 of which are within the Transferring Soteria Business ie the other 1,420 open claims will remain with Soteria post-transfer.

The Transferring DLUK Business consists of a reinsurance portfolio relating to legacy business which is predominantly Africa-based. See section 5.5 of my Scheme Report for further detail on this business.

DLUK is currently seeking to commute its inwards reinsurance contracts. A large portion of this business has already been commuted and, as of 30 September 2025, there were only 9 cedants within the DLUK portfolio with non-nil open reserves, and the remaining reserves for the Transferring DLUK Business were approximately £30,000. DLUK is continuing to attempt to commute the remainder of its inwards business, although it does not expect to be able to agree commutations with all cedants. As of the date of this report, there are only three remaining cedants with non-nil open reserves. Therefore, DLUK's reserves for the Transferring DLUK Business immediately prior to the Proposed Transfer are expected to be close to zero. If DLUK does not agree commutations with the remaining cedants with open reserves, this does not have any material impact on my conclusions regarding the impact of the Proposed Transfer on policyholders or reinsurers. I will provide an update on the commutation of the Transferring DLUK Business in my Supplementary report.

On 21 March 2025, Soteria, DAG and DIUK entered into a Loss Portfolio Transfer and Business Transfer Agreement (LPT) in anticipation of the Proposed Transfer. Under the LPT agreement, the Transferring Soteria Business (ie its liabilities under its commercial insurance policies, policies underwritten by it in its capacity as an underwriting member of the EIROS pool and the six inwards reinsurance policies) is fully (100%) reinsured by DAG.

Prior to the Proposed Transfer, DAG and DIUK will be entering into a Quota Share (QS) agreement with an effective date of 31 December 2025, whereby DIUK will reinsure 50% of DAG's exposure to the Transferring Soteria Business. This reinsurance will be provided on a funds withheld basis, and this agreement will remain in place up to the Effective Date of the Proposed Transfer.

Immediately after the Proposed Transfer:

- the LPT agreement between Soteria and DAG will automatically come to an end;
- the 50% QS reinsurance provided by DIUK to DAG will automatically come to an end; and
- a new reinsurance agreement will come into force whereby DAG will provide 50% QS reinsurance to DIUK in respect of the Transferring Soteria Business. This reinsurance will be provided on a funds withheld basis.

Effectively, the economic position will be similar immediately before and immediately after the Proposed Transfer, with DIUK and DAG each exposed to 50% of the economic risk of the Transferring Soteria Business.

During Q1 2026, DARAG implemented a reorganisation under which DIUK became the beneficial owner of DLUK in March 2026, with the legal title to transfer towards the end of April 2026, following a stamp duty exemption. Therefore, prior to the Proposed Transfer, the economic risk of the Transferring DLUK Business will already be on the DIUK balance sheet.

Soteria has stated that, following the Effective Date of the Proposed Transfer, it is currently considering a range of options in respect of the remaining ("Non-Transferring") Soteria business, including a potential Part VII transfer of the remaining Non-Transferring Soteria business from Soteria to Tradex Insurance Company PLC (Tradex). Tradex is another entity within the same group as Soteria (Saturn Holdings). This transfer from Soteria to Tradex would cover Soteria's home and motor liabilities. Should this separate potential transfer proceed, there would be no remaining insurance liabilities in Soteria. In this case, Saturn Holdings would plan to close Soteria. This separate potential transfer does not directly impact my opinion on the Proposed Transfer and I do not consider it as part of my report.

The Long Stop Date in the original LPT agreement was 30 June 2026, or such later date as the Parties may agree acting reasonably and in good faith. The Parties have now agreed to extend the Long Stop Date to 31 October 2027, or such later date as the Parties may agree acting reasonably and in good faith.

If the Part VII Scheme Effective Date has not occurred on or before the Long Stop Date, Soteria and DAG (on its own and on behalf of DIUK) may each choose to terminate the LPT agreement. However, the parties have informed me that they intend to continue the LPT if the Proposed Transfer does not go ahead by the Long Stop Date.

Further detail of the Transferring Business is set out in section 3 of my Scheme Report.

Policies not subject to the laws of England and Wales

The Soteria and DLUK portfolios include some business that is not subject to the laws of England and Wales. The Transferring Soteria Business includes policyholders based in Jersey, Guernsey and the Isle of Man. Soteria has confirmed that, based on legal advice they have received, no court order or approval from, or notification to, overseas regulators is required in respect of Soteria's policies in Jersey, Guernsey or the Isle of Man in order to proceed with the Proposed Transfer.

For the Transferring DLUK Business, the remaining three cedants with open reserves are located in South Africa, Tanzania and Congo and their policies are governed by local law, rather than English law.

DIUK and DLUK have considered with their legal advisers whether an order transferring policies not governed by English law would be of any practical effect, and whether the cedants under the policies will be prejudiced if the

transfer is not recognised in the jurisdiction of the governing law of the policy, in light of the provisions of the Scheme and the fact that DLUK has no assets outside the UK.

The Scheme obliges DIUK to indemnify DLUK in respect of liabilities arising out of the Transferring DLUK Business and to take steps to be substituted for DLUK in any proceedings brought against DLUK outside the UK. As DLUK's only assets are in the UK, it would not be possible to enforce a judgment obtained against DLUK outside the UK. DLUK's legal advisers have confirmed that the Courts in the UK would recognise a Part VII Transfer as effective as a matter of English law to transfer policies irrespective of their governing law, and that any proceedings brought in the UK to enforce a judgment against DLUK would be met with the defence of the order sanctioning the Proposed Transfer. Moreover, the Scheme provides that any proceedings brought in the UK against DLUK are to be deemed to have been brought against DIUK without the need for any Court order to that effect. The conclusion is that the Proposed Transfer would have the intended effect that DIUK (and not DLUK) would be obliged to meet the liabilities under the policies. In addition, there will be no barrier to a cedant obtaining payment of a claim, and no increase in their costs in doing so, as a result of the Proposed Transfer. DIUK is therefore not proposing to seek formal recognition of the Proposed Transfer of the Transferring DLUK Business in any other jurisdiction.

Transferring Soteria Policyholders

Given that the Soteria portfolio includes policies that date back to the early 1900s, Soteria is not able to quantify its total number of policies and policyholders. However, when Soteria entered run-off in 2021, it had approximately 20,000 in-force policies. As of June 2025, Soteria had 36 open claims from policies which will transfer to DIUK as a result of the Proposed Transfer. Soteria's gross of reinsurance UK GAAP provisions as at 30 September 2025 were £163.6m, £18.7m (11%) of which was in respect of the Transferring Soteria Business.

Transferring DLUK Policyholders

DLUK has identified 208 contracts, from 69 cedants (Transferring DLUK Policyholders), which will transfer to DIUK as a result of the Proposed Transfer. DLUK is currently attempting to commute this business, although it does not expect to be able to agree commutations with all cedants. As of the date of this report, there are only three remaining cedants with non-nil open reserves that would transfer to DIUK under the Proposed Transfer. If DLUK does not agree commutations with the remaining cedants with open reserves, this does not have any material impact on my conclusions regarding the impact of the Proposed Transfer on policyholders or reinsurers.

Effective Date

The Effective Date of the Proposed Transfer is expected to be 31 July 2026, shortly after the Sanction Hearing, which is planned for 30 July 2026. There are currently ongoing discussions regarding the timing of the Sanction Hearing and Effective Date of the Proposed Transfer. This may result in the Effective Date changing to a later date (which is anticipated to be no more than two months later than the currently anticipated Effective Date of 31 July 2026). I will provide an update on this in my Supplementary Report. All

figures in my Scheme Report are based on an Effective Date of 31 July 2026.

Reinsurance

There is currently an LPT agreement in place between Soteria and DAG, under which DAG reinsures 100% of the Transferring Soteria Business.

Effective 31 December 2025 (ie prior to the Proposed Transfer), DAG and DIUK will be entering into a QS agreement whereby DIUK will reinsure 50% of DAG's exposure to the Transferring Soteria Business. This reinsurance will be provided on a funds withheld basis, and this agreement will remain in place up to the Effective Date of the Proposed Transfer.

Immediately after the Proposed Transfer:

- the LPT agreement between Soteria and DAG will automatically come to an end;
- the 50% QS reinsurance provided by DIUK to DAG will automatically come to an end; and
- a new reinsurance agreement will come into force whereby DAG will provide 50% QS reinsurance to DIUK in respect of the Transferring Soteria Business. This reinsurance will be provided on a funds withheld basis.

Following the Proposed Transfer, the Transferring Soteria Business will be reinsured by DAG. Therefore, DIUK's policyholders post-transfer will be exposed to the risk of DAG defaulting on its reinsurance obligations. However, the reinsurance provided by DAG will be on a funds withheld basis. This means that, in the event of a default by DAG, any default would be limited to the amount in excess of the funds withheld asset. In addition, the risks associated with this reinsurance arrangement following the Proposed Transfer are reflected in DIUK's projected Day 1 SCR, which allows for reinsurance default risk. I have considered the impact of a reserve deterioration combined with default of DAG in section 6.10 of my Scheme Report (scenario M). This scenario is deliberately conservative in that it assumes 100% loss of the DAG reinsurance recoveries in excess of the funds withheld asset. In reality, DIUK might expect to receive a portion of the reinsurance recovery in a default scenario. Even in this extreme scenario, DIUK is projected to be sufficiently capitalised at Day 1. That is, DIUK would still be expected to be able to meet its SCR and pay its claims in full.

DLUK currently has a small amount of outwards reinsurance, with reserves as at 30 September 2025 of approximately £7,000. DLUK is attempting to commute this outwards reinsurance prior to the Proposed Transfer, alongside the commutation of the remainder of its inwards business, which would mean there would be no outwards reinsurance covering the Transferring DLUK Business as at the Effective Date. If the commutation is not complete by the Effective Date, the existing outwards reinsurance will transfer to DIUK as a result of the Proposed Transfer. I will provide an update on this commutation in my Supplementary report.

There is no other outwards reinsurance covering the Transferring Business.

The Proposed Transfer will not affect the underlying terms and conditions of the other existing reinsurance arrangements on the Non-Transferring Business. DIUK,

DLUK and Soteria have confirmed that there will be no changes to any other existing reinsurance arrangements as a result of the Proposed Transfer.

Claims handling

Soteria has a service agreement with MISL under which MISL performs all claims handling and policy administration services on behalf of Soteria.

Under the LPT agreement, MISL continues to administer the claims arising from the Transferring Soteria Business. Soteria has agreed to enter into a new service agreement with MISL on materially the same terms as the existing agreement, but relating to the business being transferred to DIUK only. Soteria's rights and obligations under the new agreement will transfer to DIUK under the Proposed Transfer and policy administration for the Transferring Soteria Business will continue to be performed by MISL following the Proposed Transfer. There is therefore not expected to be any change in claims handling or policy administration as a result of the Proposed Transfer in respect of the Transferring Soteria Business.

There is also no planned change for policy and claims administration matters as a result of the Proposed Transfer in respect of the Transferring DLUK Business. Due to the minimal activity in the Transferring DLUK portfolio, claims handling and policy administration is currently managed in-house by staff within the DARAG Group. This arrangement will continue following the Proposed Transfer.

DIUK's claims handling is currently outsourced to Polo Commercial Insurance Services (Polo) and this arrangement will continue following the Proposed Transfer.

The parties have confirmed that there are no expected changes to existing claims handling procedures for any group of policyholders as a result of the Proposed Transfer.

Sanctions

Soteria, DIUK and DLUK all have policies and processes in place for managing sanctions risks and I have summarised these policies in my Scheme Report.

Soteria, DIUK and DLUK have confirmed to me that sanctions checks have been conducted in line with their policies and are up to date. They have not identified any sanctions-exposed policies within the Transferring Soteria Business or the Transferring DLUK Business.

2. My role as Independent Expert

Soteria, DIUK and DLUK have jointly appointed me to act as the Independent Expert (IE) for the Proposed Transfer. The Prudential Regulation Authority (PRA), in consultation with the Financial Conduct Authority (FCA), has approved my appointment.

As IE, my overall role is to assess whether:

- The security provided to policyholders of Soteria, DIUK and DLUK will be materially adversely affected by the implementation of the Proposed Transfer.
- The Proposed Transfer will have any adverse impact on service standards experienced by policyholders.

- Any reinsurer of Soteria, DIUK or DLUK covering the Transferring Business will be materially adversely affected by the Proposed Transfer.

3. Summary of my conclusions

I have set out below my summary conclusions, considering the effect of the Proposed Transfer on the following groups of policyholders:

- "Non-Transferring Soteria Policyholders", ie Soteria policyholders whose policies will remain with Soteria after the Proposed Transfer.
- "Non-Transferring DLUK Policyholder", ie the DLUK policyholder whose policy will remain with DLUK after the Proposed Transfer
- "Transferring Soteria Policyholders", ie Soteria policyholders whose policies will transfer to DIUK as a result of the Proposed Transfer.
- "Transferring DLUK Policyholders", ie DLUK policyholders whose policies will transfer to DIUK as a result of the Proposed Transfer.
- "Existing DIUK Policyholders", ie all policyholders of DIUK immediately prior to the Proposed Transfer, who will remain policyholders of DIUK after the Proposed Transfer.

I have also considered the effect of the Proposed Transfer on the following reinsurers:

- Reinsurers of Soteria covering the Transferring Soteria Business (ie the LPT agreement with DAG).
- Reinsurers of DLUK covering the Transferring DLUK Business (which DLUK is aiming to commute prior to the Proposed Transfer).

In drawing my conclusions, I have considered the impact of the Proposed Transfer on all underlying Claimants and Beneficiaries as described above and including eg the dependants of policyholders.

4. The IE's Scheme Report

This is a summary of my full Scheme Report, "Scheme Report of the Independent Expert on the proposed transfer of insurance business from Soteria Insurance Limited and DARAG Legacy UK Limited to DARAG Insurance UK Limited in accordance with Part VII of the Financial Services and Markets Act 2000".

Unless otherwise stated, defined terms used in this summary report shall be the same meaning as set out in my full Scheme report. A copy of the full Scheme Report will be available for download free of charge on the dedicated Transfer webpages on each of DARAG's and Soteria's websites.

I will also prepare a Supplementary Report ahead of the Sanction Hearing for the Proposed Transfer. The purpose of the Supplementary Report is to confirm and/or update my conclusions on the Proposed Transfer, based on any new material or issues that arise, including any objections raised by any interested parties.

5. Non-Transferring Soteria Policyholders

I have concluded that the security provided to Non-Transferring Soteria Policyholders will not be materially adversely affected by the Proposed Transfer.

I have concluded that no material impact on service standards is expected for Non-Transferring Soteria Policyholders following the Proposed Transfer.

Given that the Soteria portfolio includes policies that date back to the early 1900s, Soteria is not able to quantify its total number of policies and policyholders. However, when Soteria entered run-off in 2021, it had approximately 20,000 in-force policies. As of June 2025, Soteria had 1,456 open claims, 1,420 of which were from policies who will remain with Soteria after the Proposed Transfer. Soteria's gross of reinsurance UK GAAP provisions as at 30 September 2025 were £163.6m, £144.9m (89%) of which was in respect of the Non-Transferring Soteria Business.

Summary rationale:

- I am satisfied that the approaches used to calculate the UK GAAP and Solvency UK technical provisions for the Non-Transferring Business in Soteria are appropriate, and Soteria has confirmed that these will be materially unchanged post-transfer.
- The SCR coverage ratio for Non-Transferring Soteria Policyholders is expected to increase slightly from 286% immediately before the Proposed Transfer to 288% immediately after the Proposed Transfer. Soteria is very well capitalised (as defined in section 6.1 of my Scheme Report) both immediately before and after the Proposed Transfer. Therefore I do not consider the security provided to Non-Transferring Soteria Policyholders to be materially adversely affected by the Proposed Transfer.
- Soteria has provided capital projections until 31 December 2029 which indicate that Soteria will continue to manage its capital in line with its capital risk appetite (see section 6.6 of my Scheme Report). Based on these projections, Soteria is generally projected to remain very well capitalised (as defined in section 6.1 of my Scheme Report) between Day 1 and 31 December 2029, except when dividends are assumed to be extracted. Even after dividends are extracted, Soteria is projected to remain at least well capitalised. In line with Soteria's dividend extraction policy, dividends are only assumed to be extracted when sufficient surplus capital exists.
- I am satisfied that Soteria is expected to have sufficient capital under a range of adverse scenarios in relation to its Non-Transferring business. In more extreme adverse scenarios, where Soteria's SCR coverage ratio would fall below 100%, Soteria would still be able to pay its claims and I am satisfied that the likelihood of such scenarios is sufficiently remote that Non-Transferring Soteria Policyholders are not materially adversely affected as a result of the Proposed Transfer. I note that the scenarios are conservative in that they make no allowance for management actions that could be taken to help restore capital levels.

- There are no plans to change how Non-Transferring Soteria Policyholders are serviced as a result of the Proposed Transfer. In particular, claims handling and administration services will continue to be performed by MISL.
- As noted in section 1 of this report, Soteria has stated that, following the Effective Date of the Proposed Transfer, it is currently considering a range of options in respect of the remaining ("Non-Transferring") Soteria business, including a potential Part VII transfer of the remaining Non-Transferring Soteria business from Soteria to Tradex. Tradex is another entity within the same group as Soteria (Saturn Holdings). This transfer from Soteria to Tradex would cover Soteria's home and motor liabilities. Should this separate potential transfer proceed, there would be no remaining insurance liabilities in Soteria. In this case, Saturn Holdings would plan to close Soteria. Given that this would involve a separate Part VII process, I have not considered the impact of this potential future transfer on the Non-Transferring Soteria Policyholders here.

6. Non-Transferring DLUK Policyholder

I have concluded that the security provided to the Non-Transferring DLUK Policyholder will not be materially adversely affected by the Proposed Transfer.

I have concluded that no material impact on service standards is expected for Non-Transferring DLUK Policyholder following the Proposed Transfer.

DLUK has identified one policy (from one Non-Transferring DLUK Policyholder) which will remain with DLUK after the Proposed Transfer.

Summary rationale:

- Following the Proposed Transfer, the only remaining Non-Transferring DLUK Policyholder will be DAG (a DARAG entity). The only remaining DLUK policy will be the intra-group one-off inwards reinsurance agreement with DAG. This reinsurance contract between DLUK and DAG will be commuted after the Effective Date of the Proposed Transfer. This policy is not part of the Proposed Transfer and its commutation, and subsequent removal of DLUK permissions, is expected to take place no more than two months after the Effective Date of the Proposed Transfer.
- The SCR coverage ratio for the Non-Transferring DLUK Policyholder is expected to be unchanged at 151% immediately before and after the Proposed Transfer. Therefore I do not consider the security provided to the Non-Transferring DLUK Policyholder to be materially adversely affected by the Proposed Transfer.

7. Transferring Soteria Policyholders

I have concluded that the security provided to Transferring Soteria Policyholders will not be materially adversely affected by the Proposed Transfer.

I have concluded that no material impact on service standards is expected for Transferring Soteria Policyholders following the Proposed Transfer.

Given that the Soteria portfolio includes policies that date back to the early 1900s, Soteria is not able to quantify its total number of policies and policyholders. However, when Soteria entered run-off in 2021, it had approximately 20,000 in-force policies. As of June 2025, Soteria had 36 open claims from policies which will transfer to DIUK as a result of the Proposed Transfer. Soteria's gross of reinsurance UK GAAP provisions as at 30 September 2025 were £163.6m, £18.7m (11%) of which was in respect of the Transferring Soteria Business.

Summary rationale:

- I am satisfied that the approaches used by DIUK to calculate the UK GAAP and Solvency UK technical provisions for the Transferring Soteria Business are appropriate, and DIUK has confirmed that these will be materially unchanged post-transfer. My opinion is based on a review of DIUK's reserves for the Transferring Soteria Business as at 31 May 2024 and as at 30 September 2025, including actual versus expected claims development between those reviews, and an external actuarial review of DIUK's reserving approach and analysis for mesothelioma claims.
- The SCR coverage ratio for Transferring Soteria Policyholders is expected to reduce from 286% to 200% as a result of the Proposed Transfer. I do not consider the security provided to Transferring Soteria Policyholders to be materially adversely affected by this change in SCR coverage ratio as DIUK will still be very well capitalised (as defined in section 6.1 of my Scheme Report).
- On the face of it, the reduction in SCR coverage ratio for Transferring Soteria Policyholders from 286% to 200% might appear to be a significant fall in capital strength. However, the SCR is calibrated such that a 100% coverage ratio would equate to a 0.5% probability of insolvency over the next year. A 200% coverage ratio therefore equates to a remote probability of insolvency (ie much less than 0.5%), and a 286% coverage ratio equates to an even more remote, but not materially different, probability of insolvency. The difference between capital coverage ratios of 286% and 200% does not, in my opinion, equate to a material difference in the probability of insolvency. In addition, Soteria's SCR coverage ratio is expected to reduce to a level more comparable to that of DIUK in the years following the Proposed Transfer (see below). Therefore, I do not consider the security provided to Transferring Soteria Policyholders to be materially adversely affected by this change in SCR coverage ratio.
- Soteria has provided capital projections until 31 December 2029 which indicate that future dividend payments are planned over this period. For example, a £23m dividend is projected to be paid during Q3 2026, and further dividends are projected in 2027, 2028 and 2029 in line with Soteria's dividend extraction policy. All else being equal, these planned dividend payments are expected to reduce Soteria's SCR coverage ratio over the subsequent few years following the Proposed Transfer, and to bring Soteria's projected SCR coverage ratios to a level more comparable to that of DIUK. Therefore, if the Proposed Transfer were not to go ahead, and the Transferring Soteria Policyholders were to remain with Soteria, their SCR coverage ratio in the years following the Proposed Transfer is not expected to remain at the pre-transfer level of 286%.
- DIUK's strategy is to grow and to actively increase participation in the UK and Gibraltar legacy insurance market, whereas Saturn Holdings' strategy is to close Soteria following a subsequent separate Part VII transfer. Therefore, in the years following the Proposed Transfer, Transferring Soteria Policyholders are expected to be part of a book of business that is growing rather than reducing.
- DIUK has provided capital projections until 31 December 2028 which indicate that DIUK will remain well capitalised in a scenario where DIUK takes on additional portfolios in line with its business plan. In an alternative scenario where DIUK's existing and Transferring Business runs off over time following the Proposed Transfer, DIUK's capital projections indicate that DIUK will remain very well capitalised until 31 December 2028.
- I am satisfied that DIUK is expected to have sufficient capital under a range of adverse scenarios in relation to both the Transferring Business and its other business. In more extreme adverse scenarios, where DIUK's SCR coverage ratio would fall below 100%, DIUK would still be able to pay its claims and I am satisfied that the likelihood of such scenarios is sufficiently remote that the Transferring Soteria Policyholders are not materially adversely affected as a result of the Proposed Transfer. I note that the scenarios are conservative in that they make no allowance for management actions that could be taken to help restore capital levels.
- DIUK is a UK entity so the Transferring Soteria Policyholders will continue to be insured by an insurer authorised and regulated in the UK following the Proposed Transfer. The rights of policyholders in respect of access to the Financial Services Compensation Scheme (FSCS) or Financial Ombudsman Service (FOS) will not change as a result of the Proposed Transfer.
- There are no plans to change how Transferring Soteria Policyholders are serviced as a result of the Proposed Transfer. In particular, claims handling and administration services will continue to be performed by MISL, as DIUK intends to enter into its own contractual agreement with MISL. The terms of this agreement will be similar to Soteria's existing agreement with MISL, and MISL has confirmed that it intends to operate in the same way and to the same agreed service standards post-transfer.

8. Transferring DLUK Policyholders

I have concluded that the security provided to Transferring DLUK Policyholders will not be materially adversely affected by the Proposed Transfer.

I have concluded that no material impact on service standards is expected for Transferring DLUK Policyholders following the Proposed Transfer.

DLUK has identified 208 contracts, from 69 cedants (Transferring DLUK Policyholders), which will transfer to DIUK as a result of the Proposed Transfer. DLUK is currently attempting to commute this business, although it does not expect to be able to agree commutations with all cedants. As of the date of this report, there are only three remaining cedants with non-nil open reserves that would transfer to DIUK under the Proposed Transfer. If DLUK does not agree commutations with the remaining cedants with open reserves, this does not have any material impact on my conclusions regarding the impact of the Proposed Transfer on policyholders or reinsurers.

Summary rationale:

- I am satisfied that the approaches used by DIUK to calculate the UK GAAP and Solvency UK technical provisions for the Transferring DLUK Business are appropriate, and DIUK has confirmed that these will be materially unchanged post-transfer. The Transferring DLUK Policyholders will remain within the DARAG Group and DIUK is subject to the same group-wide policies as DLUK.
- The SCR coverage ratio for Transferring DLUK Policyholders is expected to increase from 151% (based on DLUK's MCR) to 200% as a result of the Proposed Transfer. Therefore I do not consider the security provided to Transferring DLUK Policyholders to be materially adversely affected by the Proposed Transfer.
- Further, DIUK has provided capital projections until 31 December 2028 which indicate that DIUK will remain well capitalised in a scenario where DIUK takes on additional portfolios in line with its business plan. In an alternative scenario where DIUK's existing and Transferring Business runs off over time following the Proposed Transfer and without the addition of new business, DIUK's capital projections indicate that DIUK will remain very well capitalised until 31 December 2028.
- I am satisfied that DIUK is expected to have sufficient capital under a range of adverse scenarios in relation to both the Transferring Business and its other business. In more extreme adverse scenarios, where DIUK's SCR coverage ratio would fall below 100%, DIUK would still be able to pay its claims and I am satisfied that the likelihood of such scenarios is sufficiently remote that the Transferring DLUK Policyholders are not materially adversely affected as a result of the Proposed Transfer. I note that the scenarios are conservative in that they make no allowance for management actions that could be taken to help restore capital levels.

- Following the Proposed Transfer, Existing DIUK Policyholders will have priority over Transferring DLUK Policyholders on a winding up post-transfer, as the Existing DIUK Policyholders are direct (non-reinsurance) policyholders whereas Transferring DLUK Policyholders are reinsurance cedants. Prior to the Proposed Transfer, this is not an issue as DLUK is a pure reinsurer. However, I do not consider Transferring DLUK Policyholders to be materially adversely affected by this issue as DIUK is projected to be very well capitalised immediately after the Proposed Transfer, so the probability of insolvency is remote. In addition, DIUK's capital projections indicate that DIUK will remain at least well capitalised until 31 December 2028, and DIUK's own funds are approximately 3 times higher than those of DLUK.
- DIUK is a UK entity so the Transferring DLUK Policyholders will continue to be reinsured by an insurer authorised and regulated in the UK following the Proposed Transfer. The Transferring DLUK Business is reinsurance business (not direct insurance business) which is not covered by the Financial Services Compensation Scheme (FSCS). The rights of policyholders in respect of access to the FSCS or Financial Ombudsman Service (FOS) will not change as a result of the Proposed Transfer.
- DIUK is not planning any material changes to how the Transferring DLUK Policyholders are serviced following the Proposed Transfer. Due to the minimal activity in the Transferring DLUK portfolio, claims handling and policy administration is currently managed in-house by staff within the DARAG Group and this arrangement will continue following the Proposed Transfer.

9. Existing DIUK Policyholders

I have concluded that the security provided to Existing DIUK Policyholders will not be materially adversely affected by the Proposed Transfer.

I have concluded that no material impact on service standards is expected for Existing DIUK Policyholders following the Proposed Transfer.

DIUK has identified 12,926 existing policyholders (131 of which had open claims as at 30 November 2025). On a gross of reinsurance basis, the Existing DIUK Business will make up approximately 59% of DIUK's post-transfer UK GAAP provisions (based on figures as at 30 September 2025). The Transferring Soteria Business will make up 41% and the Transferring DLUK Business will make up 0.1%.

On a net of reinsurance basis, the Existing DIUK Business will make up approximately 17% of DIUK's post transfer UK GAAP provisions (based on figures as at 30 September 2025). The Transferring Soteria Business will make up 83% and the Transferring DLUK Business will make up 0.1%.

Summary rationale:

- I am satisfied that the approaches used to calculate the UK GAAP and Solvency UK technical provisions for DIUK are appropriate, and DIUK has confirmed that these will be materially unchanged post-transfer. My opinion is based on a review of DIUK's reserves for the Existing Business as at 31 December 2024 and 30 September 2025, and an external actuarial review of DIUK's valuation techniques and underlying assumptions performed as part of an audit as at 31 December 2024.
- There is currently an independent external review being performed to identify DIUK's exposure to large claims. This may lead to a change in DIUK's reserves as at 31 December 2025. I intend to review DIUK's reserves in the context of this review and I will report on this in my Supplementary Report.
- The SCR coverage ratio for Existing DIUK Policyholders is expected to reduce from 215% to 200% as a result of the Proposed Transfer. All else being equal, this represents a slight reduction in financial strength. However, the SCR is calibrated such that a 100% coverage ratio would equate to a 0.5% probability of insolvency over the next year. A 200% coverage ratio therefore equates to a remote probability of insolvency (ie much less than 0.5%). The difference between capital coverage ratios of 215% and 200% does not, in my opinion, equate to a material difference in the probability of insolvency. Therefore, I do not consider the security provided to Existing DIUK Policyholders to be materially adversely affected by this change in SCR coverage ratio.
- DIUK has provided capital projections until 31 December 2028 which indicate that DIUK will remain well capitalised in a scenario where DIUK takes on additional portfolios in line with its business plan. In an alternative scenario where DIUK's existing and Transferring Business runs off over time following the Proposed Transfer and without the addition of new business, DIUK's capital projections indicate that DIUK will remain very well capitalised over this period.
- I am satisfied that DIUK is expected to have sufficient capital under a range of adverse scenarios in relation to both the Transferring Business and its other business. In more extreme adverse scenarios, where DIUK's SCR coverage ratio would fall below 100%, DIUK would still be able to pay its claims and I am satisfied that the likelihood of such scenarios is sufficiently remote such that Existing DIUK Policyholders are not materially adversely affected as a result of the Proposed Transfer. I note that the scenarios are conservative in that they make no allowance for management actions to restore capital levels.
- DIUK is not planning any material changes to how the Existing DIUK Policyholders are serviced following the Proposed Transfer. DIUK's claims handling is currently outsourced to Polo Commercial Insurance Services and this arrangement will continue following the Proposed Transfer.

10. Reinsurers of Soteria covering the Transferring Soteria Business

I have concluded that the reinsurers who provide cover for the Transferring Soteria Business will not be materially adversely affected by the Proposed Transfer.

I have considered the position of reinsurers of Soteria who currently provide cover for the Transferring Soteria Business.

Summary rationale:

- The only outwards reinsurance covering the Transferring Soteria Business is the LPT agreement in place between Soteria and DAG, under which the Transferring Soteria Business is fully reinsured by DAG.
- Effective 31 December 2025, (ie prior to the Proposed Transfer), DAG and DIUK will be entering into a Quota Share (QS) agreement whereby DIUK will reinsure 50% of DAG's exposure to the Transferring Soteria Business. This reinsurance will be provided on a funds withheld basis, and this agreement will remain in place up to the Effective Date of the Proposed Transfer. However, DIUK is not directly reinsuring Soteria and therefore is not among the reinsurers of Soteria covering the Transferring Soteria business.
- Immediately after the Proposed Transfer:
 - the LPT agreement between Soteria and DAG will automatically come to an end;
 - the 50% QS reinsurance provided by DIUK to DAG will automatically come to an end; and
 - a new reinsurance agreement will come into force whereby DAG will provide 50% QS reinsurance to DIUK in respect of the Transferring Soteria Business. This reinsurance will be provided on a funds withheld basis.
- Effectively, the economic position will be similar immediately before and immediately after the Proposed Transfer, with DIUK and DAG each exposed to 50% of the economic risk of the Transferring Soteria Business.
- There is no other outwards reinsurance covering the Transferring Soteria Business.

11. Reinsurers of DLUK covering the Transferring DLUK Business

There is currently a small amount of outwards reinsurance in place for the Transferring DLUK Business, with reserves as at 30 September 2025 of approximately £7,000.

DLUK is attempting to commute this outwards reinsurance prior to the Proposed Transfer, alongside the commutation of the remainder of its inwards business, which would mean there would be no outwards reinsurance covering the Transferring DLUK Business as at the Effective Date.

If the commutation is not complete by the Effective Date, the existing outwards reinsurance will transfer to DIUK as a result of the Proposed Transfer. I will provide an update on this commutation in my Supplementary report.

12. Further information and next steps

Further details on my conclusions, and other supporting information, are set out in my full Scheme Report.

I will be reviewing these conclusions and preparing a Supplementary Report ahead of the Sanction Hearing for the Proposed Transfer. The purpose of the Supplementary Report is to confirm and/or update my conclusions based on any new material or issues that arise and any objections received from interested persons.

Specific issues that I have highlighted in the full Scheme Report and this Summary Report which require further review include:

- Any updates to reserves. In particular, this includes any update to DIUK's reserves as at 31 December 2025 in the context of the ongoing independent external review of large claims;
- Any updates to the financial information provided in my Scheme Report eg updated reserve estimates and financial projections including SCR coverage ratios and balance sheets;
- Any update on the progress of the commutations of the Transferring DLUK Policies and the outwards reinsurance covering the Transferring DLUK Business;
- An update on DIUK's approach to calculating the risk margin and allowing for ENIDs within the Solvency UK TPs;
- The implementation of the communication plan for affected policyholders;
- Any policyholder objections received; and
- Any developments regarding the structure of the Proposed Transfer.



Charl Cronje

Fellow of the Institute and Faculty of Actuaries

19 May 2026

Professional standards

Our work in preparing this document and the associated documents described above complies with Technical Actuarial Standard 100: Principles for Technical Actuarial Work and Technical Actuarial Standard 200: Insurance.

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Appendix 3
Legal Notice

**IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
COMPANIES COURT (ChD)**

IN THE MATTER OF SOTERIA INSURANCE LIMITED

- and -

IN THE MATTER OF DARAG LEGACY UK LTD

- and -

IN THE MATTER OF DARAG INSURANCE UK LIMITED

- and -

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

Notice is hereby given that on 21 May 2026 an Application was made under section 107 of the Financial Services and Markets Act 2000 (the **Act**) in the High Court of Justice, Business and Property Courts of England and Wales, Companies Court (ChD) in London by Soteria Insurance Limited (**Soteria**) and DARAG Legacy UK Ltd (**DLUK**) (together the **Transferors**) and DARAG Insurance UK Limited (the **Transferee**), for orders:

- (1) under section 111 of the Act sanctioning a scheme (the **Scheme**) providing for the transfer to the Transferee of:
 - a. with respect to Soteria, its rights and liabilities under or by virtue of any policy forming part of (i) its commercial liability business; (ii) its participation in the Electricity Industry Run-Off Services Limited pool; and (iii) certain reinsurance business; and
 - b. with respect to DLUK, a legacy, predominantly Africa-based, reinsurance portfolio written and/or assumed by it; and
- (2) making ancillary provisions in connection with the Scheme pursuant to sections 112 of the Act.

Each of Soteria, DLUK and the Transferee are UK-authorized insurers in run-off. Soteria was formerly known as CIS General Insurance Limited and Soteria's business also includes commercial liability business underwritten by Co-operative Insurance Society Limited. DLUK was formerly known as One Re Ltd. DLUK and the Transferee are in the same corporate group and are subsidiaries of DARAG Deutschland AG.

A copy of the report on the terms of the Scheme prepared in accordance with section 109 of the Act by an independent expert (the **IE Report**), a statement setting out the terms of the Scheme and a summary of the IE Report may be obtained free of charge by contacting Soteria Insurance Limited, McLaren House, 100 Kings Road, Brentwood, Essex, CM14 4EA, Ref: Part VII Transfer; email: info@partvii.soteriainsurance.co.uk; telephone 08001822374 or DARAG Legacy UK Ltd, 25

Eastcheap, 4th Floor, London EC3M 1DT, Ref: Part VII Transfer; email: projectlegacy@darag-group.com; telephone 0204 530 9800 or DARAG Insurance UK Limited, 25 Eastcheap, 4th Floor, London EC3M 1DT, Ref: UK Part VII Transfer; email: projectlegacy@darag-group.com; telephone 0204 530 9800. These documents and other related documents, including sample copies of the communications to policyholders, are also available at <https://www.soteriainsurance.co.uk/part-vii-transfer>. These websites will be updated for any key changes to the proposed transfer.

Any questions or concerns relating to, or further information regarding, the proposed transfer should be referred to the above addresses. Objections to the proposed transfer may also be raised with the Court as set out below.

If you are in any doubt as to whether your insurance policy is included in the proposed transfer please contact the parties at the contact details set out above.

The Application is due to be heard at the **High Court of Justice of England and Wales, 7 Rolls Buildings, Fetter Lane, London, EC4A 1NL, United Kingdom** on **17 September 2026**. Any person who thinks that he or she would be adversely affected by the Scheme, or objects to the Scheme, may attend the hearing and express their views, either in person or by a representative. It is requested that anyone intending to do so informs the Transferors and/or the Transferee (using the contact details set out above) as soon as possible and preferably before **10 September 2026** to set out the nature of their objection. This will enable the Transferors and the Transferee to provide notification of any changes to the hearing and, where possible, to address any concerns raised in advance of the hearing.

Any person who objects to, or considers they may be adversely affected by, the Scheme but does not intend to attend the hearing may make representations about the Scheme by giving written notice of such representations, in each case as soon as possible and preferably before **10 September 2026** to:

Norton Rose Fulbright LLP
3 More London Riverside,
London, SE1 2AQ
Ref: 1001330697

The Transferors and the Transferee will inform the UK's Financial Conduct Authority (**FCA**) and Prudential Regulation Authority (**PRA**) of any objections raised in advance of the hearing, regardless of whether the person making the objection intends to attend the hearing. The PRA and the FCA will each prepare reports on the Scheme for the Court.

If the Scheme is sanctioned by the Court, it will result in the transfer of all the rights, claims and liabilities of the Transferors within the scope of the Scheme to the Transferee, notwithstanding that a person would otherwise be entitled to terminate, modify, acquire or claim an interest or right or to treat an interest or right as terminated or modified as a result of the transfer of business effected by the Scheme. Any such right will only be enforceable to the extent the order of the Court makes provision to that effect. Subject to the sanction of the Court, the Scheme is currently anticipated to be effective at **23:59 GMT** on **30 September 2026**.

Norton Rose Fulbright LLP, 3 More London Riverside, London, SE1 2AQ, United Kingdom
Solicitors acting for Soteria Insurance Limited
Ref: 1001330697
Tel: +44 207 283 6000