

With-Profits Actuary Supplementary Report

on

**the proposed transfer of the business of the Polish branch and
certain other historic overseas business**

of

The Prudential Assurance Company Limited

to

Prudential International Assurance plc

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

1. Introduction

1.1. Background

- 1.1.1. In my capacity as With-Profits Actuary of PAC I produced a report dated 29 June 2018 (the 'Main Report') which set out my opinion on the impact of the proposed transfer of all of PAC's long-term European business (excluding the UK) into PIA, on the security and reasonable benefit expectations of both the existing with-profits policyholders who will be transferred to PIA and the with-profits policyholders remaining in PAC following the transfer.
- 1.1.2. The purpose of this supplementary report is to review any developments that have occurred since the Main Report was produced and to consider whether my opinion, as set out in that report, has changed as a result.

1.2. Other advice and opinions

- 1.2.1. Supplementary Reports have been produced by the PAC Chief Actuary, the Head of Actuarial Function of PIA and Oliver Gillespie of Milliman LLP in the capacity of Independent Expert. I have read and considered these reports and provided a copy of this report to the PAC Chief Actuary, the Head of Actuarial Function of PIA and Mr Gillespie.
- 1.2.2. This report should be read in conjunction with my Main Report as well as the reports of the PAC Chief Actuary, the Head of Actuarial Function of PIA and the Independent Expert.

1.3. Disclosures

- 1.3.1. I am a Fellow of the Institute and Faculty of Actuaries, having qualified as such in 1982, and hold a certificate issued by the Institute and Faculty of Actuaries to act as a Life Actuary (including with-profits). I am an employee of Willis Towers Watson and I have been the PAC With-Profits Actuary since February 2015.

1.4. Compliance with Technical Actuarial Standards

- 1.4.1. This report is subject to, and complies with, all relevant Technical Actuarial Standards (TASs) adopted by the Financial Reporting Council (FRC) in the UK, in particular it complies with TAS 100: Principles for Technical Actuarial Work.
- 1.4.2. In accordance with Actuarial Profession Standards ("APS") issued by the Institute and Faculty of Actuaries, "APS X2: Review of Actuarial work" requires Members of the profession to consider an appropriate level of review for the actuarial work for which they are responsible. This report has been reviewed internally within PAC and has also been subject to peer review by Trevor Fannin of Willis Towers Watson.

1.5. Intended Users

- 1.5.1. The intended users of this report are the Court, Board of Directors of PAC, the Board of Directors of PIA, the Independent Expert, the PRA and FCA, the PAC With-Profits Committee, the PAC Chief Actuary and the Head of Actuarial Function of PIA.

2. **Developments since the Main Report**

- 2.1. I have been provided with a summary of the objections and enquiries that have arisen to date following the issue of the Policyholder Information booklet to the transferring PAC policyholders, as well as details of the actions taken. Of the letters and phone calls received, a significant proportion were general policy enquiries not related to the transfer and as at 23 November only 50 objections to the transfer have been received.
- 2.2. A large number of the objections expressed their concern about the potential effect the removal of FSCS protection would have on their policy. The issues raised by these and the other objections do not alter my conclusions in the Main Report.

3. **Conclusion**

- 3.1. The Main Report concluded that the proposed Scheme of Transfer will not result in any material adverse effect on either the security or the reasonable benefit expectations of the transferring PAC with-profits policyholders nor the remaining with-profits policyholders of PAC. Based on the considerations as set out in this supplementary report, it is my view that those conclusions remain valid.

Peter Needleman FIA
Willis Towers Watson
PAC With-Profits Actuary
3 December 2018