



Supplementary Report of the Independent Actuary

**Aetna Health Insurance Company of
Europe DAC and AWP Health & Life SA**

26 October 2023

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1 Introduction

1.1 Background

An Independent Actuary's Report ("the Original Report") dated 16 May 2023 has been prepared in order that the Irish High Court, the Central Bank of Ireland ("Central Bank"), the Autorité de Contrôle Prudential et de Résolution ("ACPR") in France, the policyholders and other affected parties may properly assess the impact of the proposed transfer of a portfolio of insurance liabilities of Aetna Health Insurance Company of Europe DAC ("AHICE") ("the Transferor") into AWP Health & Life SA ("the Transferee") operating through its Irish branch ("the Companies"). I refer to this proposed transfer of the portfolio as the proposed "Scheme". AHICE and AWP H&L SA are referred to collectively herein as the "Scheme Companies".

The Scheme arises from a decision by Aetna International LLC ("Aetna") to wind down most of their non-Americas insurance business. Aetna is achieving this wind-down using two transactions, the above Scheme and a separate Asset Purchase Agreement ("APA").

Under the APA, AHICE has also given exclusive introductory rights to seek to migrate its annual premium business to AWP Health and Life SA ("AWP H&L"), to support continuity of coverage for its members wherever possible.

Under the Scheme, Aetna is also proposing to transfer all of AHICE's remaining private medical insurance business to AWP H&L, operating through its Irish Branch. The option being pursued by AHICE to facilitate this transfer is an Insurance Business Transfer ("IBT") under Section 13 of the Assurance Companies Act 1909 ("Section 13"), Section 26 of the Insurance Act 1989 and Regulation 41 of the European Union (Insurance and Reinsurance) Regulations 2015, subject to Court and regulatory approvals. This includes all insurance policies underwritten by AHICE where there is still potential liability for claims. For completeness, there are three other IBT like transfers proposed for the UK, Singapore and Hong Kong; these will have no bearing on the Irish IBT as they involve completely separate legal entities. These are outside of my scope and are not commented on further.

The Original Report describes this second transaction, the Scheme. The Original Report considers the potential impact and benefits on all affected policyholders (of the Scheme Companies), including the security of their policies. I note the Scheme document makes an allowance for excluded policyholders even though there are expected to be none. The Original Report is available from:

- The registered office of AHICE – Alexandra House, 3, Ballsbridge Park, Ballsbridge, Dublin 4, Ireland;
- The AI website at http://www.aetnainternational.com/en/about-us/insurance_business_transfer/ireland-insurance-business-transfer.html;
- The registered Irish Branch office of AWP H&L, which is 15 Joyce Way, Park West Business Campus, Nangor Road, Dublin 12, Ireland; and
- The registered office of AWP in France at 7 Rue Dora Maar, 93400 Saint-Ouen Sur Seine, France.

The proposed transfer of insurance business from one insurer to another in Ireland must be approved by the High Court. The terms covering the proposed Scheme are set out in the Scheme document that is presented to the High Court. I refer to that document as the "Scheme of Transfer". The Scheme of Transfer was presented to the High Court under Section 13 of the Assurance Companies Act 1909 on 3 July 2023, at which time the directions of the High Court were sought. It is intended that the next court

hearing will take place on 7 November 2023, when final approval of the Scheme of Transfer will be sought with a proposed effective date of 1 December 2023 (the “Effective Date”).

In addition, the Central Bank and the ACPR, as the regulators of the Scheme Companies, have been consulted. As noted above, a copy of my Original Report has been available to policyholders from the above website from 11 July 2023.

In that Original Report I stated that, shortly before the date of the Court hearing at which an order sanctioning the Scheme will be sought, I would prepare a Supplementary Report covering any relevant matters which might have arisen since the date of the Original Report. This is that Supplementary Report.

1.2 Introduction to this Supplementary Report

In my Original Report dated 16 May, I stated that I would review my findings and opinion which would include consideration of the following:

- Update on AWP H&L solvency levels relative to their risk appetite statement.
- Business performance in the period and updated regulatory and financial information for both AHICE, AWP H&L and reinsurer ALIC, including relevant actuarial reporting.
- If there were any changes to the assumptions underpinning my Original Report as noted in Section 2.5.
- Finalisation of the reinsurance arrangements from AWP H&L to ALIC.
- Review of any responses from policyholders to the communications issued in respect of the transfer.
- Update on wider market and regulatory developments.
- Review of additional main financial reports produced in the intervening period, e.g. ORSA reports, quarterly management reports, quarterly regulatory filings.
- Review of all relevant correspondence with impacted Regulators.

I set out in this Supplementary Report my considerations with respect to the above bullet points. I also comment on other relevant developments.

In order to provide this Supplementary Report, AHICE and AWP H&L have provided me with additional information, including updated financial information. The additional data provided is set out in Appendix 2.

The conclusions set out in this Supplementary Report are based on audited financial statements as at 31 December 2022 for AHICE and AWP H&L, and unaudited data provided as at 30 June 2023. In all cases I have requested the most recent data available.

This Supplementary Report contains the following sections:

- Introduction
- Executive Summary
- Security of Benefits
- Other considerations
 - Review of communications process and responses received.
 - Any changes to my assumptions underlying my Original Report in Section 2.5
 - Update on Wider Market and Regulatory matters.
 - Any additional main reports e.g., ORSA's produces in the interim.
 - Review of correspondence with impacted Regulators that may impact the Scheme.
 - Other issues that may have arisen.
- Appendices.

1.3 Regulatory and actuarial basis of preparation

This Supplementary Report, when read together with the Original Report dated 16 May 2023 has been prepared for the purposes of Section 13 1909 Act in accordance with:

- Regulation 41 of the European Union (Insurance and Reinsurance) Regulations 2015 (S.I. No. 485 of 2015) ("2015 Regulations"). Regulation 41 of the 2015 Regulations makes express reference to Section 13 of the 1909 Act and Section 36 of the 1989 Act. Both sections concern the sanction of transfers by the Court;
- The Actuarial Standard of Practice ("ASP") issued by the Society of Actuaries in Ireland, ASP LA-6, "Transfer of long-term business of an authorised insurance company – role of the Independent Actuary". Even though the ASP is related to life business, I consider it reasonable to consider it in my work; and
- The ASP issued by the Society of Actuaries in Ireland, ASP PA-2, "General Actuarial Practice".

I owe an overriding duty to the Court and to give the Court independent actuarial evidence on the proposed Transfer.

This Report has been subject to internal KPMG risk management processes and peer review in line with those professional requirements. The peer review was performed by a senior actuary in the KPMG team.

1.4 Circulation of this Supplementary Report

This Supplementary Report (as with The Original Report and the Summary Report, also dated 16 May) is to be provided to:

- the Central Bank and the ACPR; and

- the policyholders of the Companies (the “policyholders”), should they request it.

I agree that this Supplementary Report may be made publicly available at the registered offices of the Companies and online in the same manner as noted in Section 1.1 above.

1.5 Assurances

Whilst I have been assisted by my team, this Supplementary Report is written in the first person singular, and the opinions expressed are my own.

I believe that the content of this Supplementary Report is accurate and complete. I have considered all matters that I regard as relevant to the opinions I have expressed, and I have considered all matters that I believe may be relevant to the policyholders of each of AHICE and AWP H&L in their consideration of the Scheme. All the matters on which I have expressed an opinion lie within my field of experience.

I have received assurances as follows:

- I have circulated this Supplementary Report to the management of each of AHICE and AWP H&L to ask for commentary on the detail within this Supplementary Report, including confirming all material information has been provided to me and how the Scheme will be affected in practice. No issues were noted with the commentary and detail presented in this final version of my Supplementary Report by either set of management. I have also been given full access to staff of each of AHICE and AWP H&L as necessary.
- I have provided the Head of Actuarial Function (“HoAF”) of AHICE (Donal O’Leary) and the Head of Actuarial of AWP H&L (John Armstrong) with my Supplementary Report to ensure they are aware of comments I have made in this Supplementary Report in relation to actuarial and risk information and their roles as HoAF and Head of Actuarial of the respective companies. I understand they have shared my reporting with other colleagues in the companies to solicit their views. No issues have been noted as a result of their review of this final version of my Supplementary Report.

I have conducted conference calls with representatives of the Scheme Companies to discuss the information provided to me and specific matters arising out of the analysis conducted.

I have been made aware of relevant discussions between AHICE, AWP H&L and the Central Bank and the ACPR.

In order to provide this Supplementary Report, AHICE and AWP H&L have provided me with additional information, including updated financial information. The additional data provided is set out in Appendix 2. I am satisfied that it is appropriate for me to rely on this data, based on the above received assurances.

1.6 Qualifications and Limitations

This Supplementary Report should be read in conjunction with the Original Report. Reading individual sections in isolation may be misleading. This Supplementary Report has been produced on the same basis as set out in the Original Report. In particular, it has the same scope, and is subject to the same reliances and limitations.

Reliance has been placed upon, but is not limited to, the data and other information provided to me by AHICE and AWP H&L (as set out in the Original Report) and the additional information provided for this Supplementary Report (detailed in Appendix 2). My opinions depend on the substantial accuracy of this data, information and the underlying calculations. AHICE and AWP H&L have each separately confirmed to me that to the best of their knowledge and belief all the data and information they have provided to me is accurate and complete. They have also informed me that there have been no developments since the latest data made available to me that are relevant to the Scheme.

This Supplementary Report is prepared solely in connection with, and for the purposes of, informing the Court and relevant potentially affected policyholders of my findings in respect of the impact of the



Scheme on the security and expectations of these policyholders and may only be relied on for this purpose.

This Supplementary Report is subject to the terms and limitations, including limitation of liability, set out in my firm's engagement letter dated 16 December 2022.

This Supplementary Report should not be regarded as suitable to be used or relied upon by any party wishing to acquire any right to bring action against KPMG in connection with any other use or reliance. To the fullest extent permitted by law, KPMG will accept no responsibility or liability in respect of this Supplementary Report to any other party.

In my role as Independent Actuary, I have in the normal course of conducting this role, been provided with a significant and appropriate amount of information and data about the Scheme Companies' activities and performance. When forming my view as set out in this Supplementary Report, these disclosures and information have formed a necessary and vital contribution.

This Supplementary Report is based on information made available to me at or prior to 26 October 2023 and takes no account of developments after that date.

1.7 Limits of Liabilities and Legal Jurisdiction

This Supplementary Report is subject to the terms and conditions, including limitation of liability and legal jurisdiction, set out in the Engagement Letter.

1.8 Terminology

In my discussion of the effects of the proposed Scheme on the policyholders concerned, I use various technical terms. The definitions of these terms as used in this Supplementary Report are contained in the Glossary in Appendix 1.

1.9 Currency

I clearly identified the currency of figures presented throughout my Original Report and this Supplementary Report. All figures are presented in €, and clearly so labelled. Table 1.1 below details the exchange rates used to convert from US\$ to €.

| Table 1.1 Exchange Rates used in Original Report and Supplementary Report | |
|---|-----------|
| Effective Date | US\$ to € |
| Year-end 2020 | 0.81729 |
| Year-end 2021 | 0.87935 |
| 30 June 2022 | 0.94632 |
| Year-end 2022 | 0.93699 |
| 30 June 2023 | 0.91389 |
| Future Dates | 0.93699 |

Source AWP Management

2 Executive Summary

2.1 Security of Benefits

2.1.1 Solvency II Regulatory capital coverage ratio

In relation to Solvency II regulatory capital coverage ratio, the half-year positions for AWP H&L are in line with the trajectory described in my Original Report. In particular the balance sheet strength of AWP H&L, the transferee, at 30 June 2023 is in line with that forecast for the full year 2023, in my Original Report.

Similarly, for AHICE, the Solvency II regulatory capital coverage ratio and balance sheet strength is very similar to that in my Original Report.

Therefore, I have concluded that the changes in Solvency II regulatory capital coverage ratio since the position set out in my Original Report do not alter my overall conclusions in relation to the Transfer and the impact on policyholders.

2.1.2 Update on stress testing

As the Solvency II regulatory capital coverage ratio has remained on track, I see no need to revisit my stress testing from my Original Report. My conclusions remain unchanged.

2.1.3 Business Performance

As all the transaction related parties (i.e., AWP H&L, AHICE and ALIC) continued to perform as expected as at the half-year, I see no reason to revisit my conclusions with respect to the Scheme in my Original Report in terms of the impacts of business performance on policyholders.

2.2 Communication and Underlying Assumptions

2.2.1 Review of policyholder communication process

I am satisfied that AHICE has carried out its publicity, policyholder notification and response handling obligations in line with my expectations as set out in the Original Report.

2.2.2 Any changes to my assumptions underlying my Original Report

The bullets below repeat the full list of the assumptions made in my Original Report, as detailed in Section 2.5 of that Original Report, and the sub-bullets summarise the current status of those assumptions:

- AWP H&L will retain solvency levels within their risk appetite up to and after the Effective Date.
 - This is addressed in Section 2.1 above.
- There will not be an increase in the aggregate liability or risk exposures in the Companies as an immediate consequence of the Scheme that would not have occurred were the Scheme not to proceed.
 - No changes have been noted in the period.
- Service levels will not be impacted by the Scheme. My assessment is based on AWP H&L acting as administrator of the transferring business. If a change were to be made ahead of the Scheme, the new third-party administration provider would need to meet the service levels presented by AWP H&L in my assessment.
 - There will be a new outsourcing partner called MSH International, Paris (“MSH”). MSH delivers health & life insurance solutions for globally mobile citizens. It is established about 50 years, operating in the Americas, Europe and China. MSH is a subsidiary of the DIOT-SIACI Group,

which has over 5,000 employees worldwide, insures 5 million individuals and reported turnover of €800M in 2022.

- For a trial period prior to the Effective Date, AHICE will support MSH with claims testing. MSH will receive claims by email, portal and app before securely transferring them to AHICE, who will then complete adjudication and claims processing, as per existing processes.
- From the Effective Date MSH will be the administrator of the transferring business by virtue of a sub-administration agreement with AWP H&L.
- Service levels have been agreed (in relation to claims adjudication, email handling, complaint acknowledgement and resolution) between the two parties which will ensure that service standards are the same as or better than current service standards at each stage prior to and post the IBT.
- I have concluded that the changes in claims handling partner to MSH since the position set out in my Original Report do not change my overall conclusions in relation to the Transfer. Further detail is included in Section 4.2.
- For the policyholders of AHICE moving to AWP H&L under the Scheme, the 100% quota share reinsurance treaty with ALIC will cease on the Effective Date, but such policyholders will enjoy the benefit of a 100% quota share reinsurance treaty between AWP H&L and ALIC from that date.
 - There are no changes to the planned reinsurance cover arrangements to be implemented from the effective date.
- No significant additional tax liabilities will arise as a result of the Scheme for any of the Companies.
 - No changes have been noted in the period.
- AWP H&L has no current intention to cease underwriting or carry out any restructuring of their businesses as a result of the Scheme.
 - No changes have been noted and AWP H&L continue to underwrite.
- There will be no policyholders left in AHICE after the Scheme, as all existing policyholders of AHICE will become policyholders of AWP H&L as a result of the Scheme.
 - I have considered this and this continues to be the case.
- While the Scheme allows for Excluded Policies, none is expected at this time, and any Excluded Policies would be known before the date of the final Court hearing. In the event that such policies are identified I will address them in a Supplementary Report.
 - I have considered this and this continues to be the case. If this changes between now and the final Court date, I will provide a letter to the Court addressing any issue. I do not anticipate this requirement.

2.3 Regulatory Matters

AHICE has provided me with correspondence with the Central Bank in relation to the Scheme.

In relation to AHICE, there are no matters of concern for me in that correspondence which I believe will impact the Scheme.

AWP H&L has similarly confirmed to me that they have responded to all queries received from Regulators in relation to the Scheme.

For completeness, it is worth noting that there was one regulatory query checking the correct legal entity name for AWP, which is now resolved. More detail is provided in Section 4.5.

The Central Bank has confirmed it has no objections to the transfer.

2.4 Other matters

- I note that there are no proposed changes to the Scheme.
- I note that other than producing this Supplementary Report the Court had no further directions for me in my capacity as the Independent Actuary for the Scheme.
- I have specifically requested any new risk, regulatory or actuarial reporting prepared in the period since my Original Report. No new formal reports have been prepared in that period, but I have reviewed the half-year reserve committee PowerPoint presentations for both companies.
- I am not aware of any development that would change my views on the statement made in my Original Report in relation to Wider Market and Regulatory Matters. Furthermore, I have not identified new matters that need to be factored into my assessment.
- I am not aware of any developments that would change my views on the statements made in my Original Report in relation to the
 - Risk and Governance;
 - The assets of the various entities;
 - Reinsurers;
 - The Financial Services and Pensions Ombudsman the “FSPO”) in Ireland, or with respect to France, The Mediateur of the French Federation of Insurance (Fédération Française de l’Assurance) – (the “FFA”) or the French guarantee fund against insurance default (the “FGAP”);
 - The capital policy pre and post Scheme; and
 - Treating Customers fairly.
- I am not aware of any developments that would change my views on the statement made in my Original Report were the Scheme not to proceed.
- The companies provided me with the latest complaints reporting as of June 2023. There is nothing in these complaints that I believe will have any impact on the Scheme.
- AWP H&L has also provided me with an update on litigation. There are no new litigations, and progress is as expected on litigations reported previously.
- AHICE has confirmed that they have no litigation issues/exposures to report.
- Other related transfers (UK, Hong Kong, Singapore): I am not aware of any development that would change my views on the statement made in my Original Report in relation to other related transfers.
- I can confirm that there has been no change to reserving methodologies in the Companies from year-end 2022 to the half-year 2023 that would cause me to revisit any of my analysis.
- I can also confirm that the Companies have not changed their approach to calculating their Solvency II regulatory capital figures in the period that would cause me to revisit any of my analysis.
- There has been no change to risk appetites since year-end that would cause me to revisit any of my analysis.
- I can also confirm that I believe I have considered all new material risks.

2.5 Conclusions

I note no new information has come to light in preparing this Supplementary Report that would cause me to revisit any of my conclusions. Therefore, I note that the conclusions set down in my Original Report remain valid i.e.

- the security of benefits to policyholders of AHICE and AWP H&L will not be materially adversely affected by the implementation of the Scheme on the Effective Date; and



- the Scheme will not materially adversely impact on the service standards experienced by the policyholders of AHICE and AWP H&L.

My opinion in relation to AHICE and AWP H&L policyholders is based on:

- My review of all the pertinent historical, current and projected information provided by AHICE and AWP H&L; and
- Discussions with the management of AHICE and AWP H&L on what will happen post-transfer.

I note that there has been adequate communication of the Scheme to the relevant policyholders.

Brian Morrissey, FSAI

*Independent Actuary
KPMG in Ireland*

26 October 2023

Date

3 Security of benefits

3.1 Update on AWP H&L Solvency Levels

As referenced in Section 2.2 of my Original Report (and as can be seen from table 3.1 below) AWP H&L had a Solvency II regulatory capital coverage ratio within its risk appetite at 113.5% at year-end 2022.

In my original report (see section 4.10.1), I reported that the year-end 2023 forecast Solvency II regulatory capital positions was forecast to be 118%.

As can be seen below in Table 3.1, the latest half-year Solvency II regulatory capital position is 114.9%

| Table 3.1 (€m's) | AWP H&L Balance Sheets | |
|----------------------|------------------------------------|--|
| | Year-End 2022 from Original Report | June 2023 Actual from Supplementary Report |
| Total Assets | 1,932 | 2,690 |
| Total Liabilities | 1,575 | 2,302 |
| Net Asset Value | 357 | 387 |
| Foreseeable Dividend | 0 | 0 |
| Eligible Own Funds | 357 | 387 |
| SCR | 314 | 337 |
| SCR Coverage Ratio | 113.5% | 114.9% |

Source: AWP analysis

AWP H&L has informed me that the forecast formulated in Q1/Q2 2023 was based on the 2022 business plan, adjusted for H1 2023 business plans and financial market developments. Business performance is expected to keep its trend for the remainder of 2023. Overall, AWP H&L expect the solvency position to remain strong by year-end and have retained the year-end forecast of 118% for their Solvency II regulatory capital positions.

As the latest half-year position is close to the trajectory described in my Original Report (while it may not reach 118% by year-end, it is trending upwards and is within risk appetite as detailed in my Original Report), I have concluded that the changes in Solvency II regulatory capital coverage ratio since the position set out in my Original Report do not alter my overall conclusions in relation to the Transfer and the impact on the policyholders.

3.2 Update on AHICE Solvency Levels

As referenced in Section 2.2 of my Original Report (and as can be seen from table 3.2 below) AHICE had a Solvency II regulatory capital coverage ratio within its risk appetite at 419% at year-end 2022.

In my original report (See table 6.3 of my Original Report) I reported that the year-end 2023 forecast Solvency II regulatory capital positions was 392% (pre-scheme).

As can be seen below in Table 3.1, the latest half-year Solvency II regulatory capital position is 501%

| Table 3.2 (€m's) | AHICE Balance Sheets | |
|-------------------|------------------------------------|--|
| | Year-End 2022 from Original Report | June 2023 Actual from Supplementary Report |
| Total Assets | 23.4 | 22.3 |
| Total Liabilities | 9.7 | 9.7 |
| Net Asset Value | 13.6 | 12.5 |
| Planned Dividend | 0.0 | 0.0 |

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| | | |
|--------------------|------|------|
| Eligible Own Funds | 13.6 | 12.5 |
| Max of SCR and MCR | 3.3 | 2.5 |
| SCR Coverage Ratio | 419% | 501% |

Source: AHICE analysis

As the latest half-year position is in line or ahead of the trajectory described in my Original Report, I have concluded that the changes in Solvency II regulatory capital coverage ratio since the position set out in my Original Report do not alter my overall conclusions in relation to the Transfer and the impact on the policyholders.

3.3 Business performance of AWP H&L and AHICE and Financial Strength of ALIC

AWP H&L provided me with summary HY 2023 revenue accounts (which is unaudited financial information). Growth has continued in line with plan, and they have delivered a profit with a gross COR of approximately 97%, before quota share reinsurance arrangements. COR stands for Combined Operating Ratio, which is claims plus expenses, all divided by premium. Therefore, a COR of less than 100% suggests a profit on underwriting activities, and a COR of over 100% suggests a loss on those activities. This is a positive outcome for the period and in line with expectations based on my discussions with AWP H&L.

AWP H&L is a subsidiary of this Allianz Partners SAS, whose ultimate parent is Allianz SE (AM Best Rating AA June 2023; market capitalisation of €86 billion as of June 2023).

AHICE incurred a loss to HY 2023 of approx. €1.2m as to be expected from a company in run-off. This was due in the main to administration expenses of €2.1m offset by commission of €0.7m and investment income of approx. €0.2m. This was in line with expectations.

AHICE have not refreshed the financial projections provided to me for my Original Report, and do not see the need to re-project the amount to be transferred given the performance in the period. Therefore, the transferring liabilities will be consistent with that previously stated in my Original Report. I am in agreement with this approach.

ALIC, the ultimate reinsurer for the transferred policies, has confirmed to me that the ratings have stayed the same since my Original Report as A2 from Moody's, A- from S&P; A from AM Best. ALIC remains well capitalised, with overall available capital and surplus of €6.0bn as at 30 June 2023 (up from €5.8bn at 31 December 2022).

As all these transaction related parties continued to perform as expected in the period since my Original Report, I see no reason to revisit my conclusions with respect to the Scheme in my Original Report.

3.4 Other comments

- I can confirm that there has been no change to reserving methodologies in the Companies from year-end 2022 to the half-year 2023 that would cause me to revisit any of my analysis.
- I can also confirm that the Companies have not changed their approach to calculating their Solvency II regulatory capital figures in the period that would cause me to revisit any of my analysis.
- There has been no change to risk appetites since year-end that would cause me to revisit any of my analysis.
- I can also confirm that I believe I have considered all new material risks.

4 Other considerations

4.1 Review of communications process and responses received.

I have reviewed the latest draft of the fourth affidavit of Brian O'Rourke, CEO AHICE, dated 23 October 2023, which sets out how the policyholder notification exercise was carried out. I have also conducted other discussions with AHICE management to clarify my understanding of this, and also of how responses have been handled. I note that:

- In accordance with the Orders of Mr Justice McDonald dated the 3 July 2023 (“the First Order”) and the 7 July 2023 (“the Second Order”, together “the Orders”), notices publicising the hearing of the Petition were published in English in the following publications on 11 July 2023:
 - Iris Oifigiúil
 - the Irish Times
 - the Irish Independent and
 - the Financial Times (UK, Europe, MEA, Asia and US editions).
 (together “the Notices”).
- I also note that the first Order also directed that “The Petitioners shall cause the publication of such notices as are required in each EEA Member State in which the risks are situated in accordance with the requirements of the respective laws of each such EEA Member State”. These 30 member states are detailed in the above-mentioned affidavit.
- The affidavit details how all the above requirements of each member state have been or will be satisfied.
- AHICE has endeavoured to confirm contact details for each Named Policyholder due to receive the communication package in the first instance. AHICE has also endeavoured to confirm contact details for each corresponding Primary Member. A Named policyholder will be the name of the policyholder for an individual policy, and the name say of the employer or the relevant HR department for a group policy. A Primary Member is the primary insured name on each policy. So in the case of individual policies, the primary member will be the named policyholder. For group policies, they will have many primary members, being typically each insured employee.
- AHICE managed the communications process end-to-end internally with senior management resources supervising the delivery of the communications by external vendors. In order to ensure that the email addresses held on AHICE’s internal administrative systems in respect of Named Policyholders for individual policies and Primary Members of group policies were as up to date as possible prior to the implementation of the communications strategy, AHICE carried out a test mailing in relation to those policyholders due to be sent the communication pack pursuant to the communications strategy.
- As part of the initial email campaign, AHICE decided to contact brokers first, then plan sponsors (i.e. the named policyholders of group schemes) then primary members (whether the primary members are members of a group scheme or individual primary members who are also the policyholder). This way brokers and plan sponsors were informed before their clients/employees started asking them questions. Healthcare providers were mailed a little later (to assist in managing AHICE resources).
- AHICE first emailed brokers on 11th July, policyholders and members from 13 to 18 July, and healthcare providers on 21 July, the details of the transfer process, the supporting documents (including a summary of the Scheme of Transfer, my Summary Report and a copy of the Notice) and a comprehensive set of FAQs (Frequently Asked Questions).
- Since this initial email campaign, AHICE has been dealing with ‘bounce backs’ (undeliverable emails, where AHICE have checked records and attempted a second email to different contact details, where available) and performing checks and reconciliations.

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- Table 4.1 below summarises the contact success rates for all primary members on policies due to receive the communication package, by active and recently expired, and within that, by direct and broker.

(Recall, active policies are within the contractual 6-month period since their last exposure as at the transfer date. They are contractually allowed to claim within this 6-month period. Recently expired policies are outside the 6-month contractual period after expiry for making a claim, but within 18 months of that date, as in certain cases these have been allowed to make claims in the past.)

| IBT Status | Type of Business | Primary Members | Members emailed without bounce back | Members covered by broker email (without bounce back) | Members covered by member, broker or sponsor mailing (without bounce back) | Combined Coverage |
|----------------------|------------------|-----------------|-------------------------------------|---|--|-------------------|
| Active | Direct | 177 | 177 | | 177 | 100.0% |
| Active | Broker | 445 | 433 | 440 | 442 | 99.3% |
| Subtotal Active | | 622 | 610 | | 619 | 99.5% |
| Recently Expired | Direct | 1,627 | 1,602 | | 1,618 | 99.4% |
| Recently Expired | Broker | 7,990 | 7,839 | 7,689 | 7,968 | 99.7% |
| Subtotal Rec Expired | | 9,617 | 9,441 | | 9,586 | 99.7% |
| Total | | 10,239 | 10,051 | | 10,205 | 99.7% |

Source: AHICE

- As of the date of writing this Supplementary Report, it can be seen from the far-right column of table 4.1 above that across all policies identified to receive the communication pack, AHICE has managed to successfully email 99.7% all primary members.
- Delving into some more detail, there are now forecast to be 10,239 such primary members.
- Of these, 622 are active members, of which 619 (99.5%) have been contacted so far; 9,617 are recently expired, of which 9,586 (99.7%) have been contacted.
- The above numbers refer to primary members. The affidavit (paragraphs 30 to 33) also references the number of policies successfully contacted. Paragraph 30 states that 1,478 policies were identified for receipt of the communications package. Only 3 such policies did not receive the communication package by email, and therefore communication packs were despatched by post to these three named policyholders.
- I have also reviewed the weekly submissions, sent by AHICE to the Central Bank, reporting on the responses from the communication process. There are 9 such reports available as at 20 September 2023, the first covering the week from the 10 to 16 July, the most recent covering week 9, from the 4 to 10 September. AHICE has confirmed to me that there have been no further responses after this last report.
- In total there have been 28 responses at a rate of 7, 15, 3, 1, 2, 0,0,0 and 0 over the 9 weeks respectively, clearly tapering off over the last six weeks. In total there were no objections submitted out of the responses; 27 being general enquiries, with one complaint. I have read through all the enquiries, which mainly relate to policyholders who had moved from AHICE wondering why they were still receiving a communication from AHICE. The one complaint related to the new policy with another insurer that an ex-AHICE policyholder now has. In each case the enquiries and the one complaint were closed off satisfactorily.

Based on this analysis, I am satisfied that AHICE has carried out its publicity, policyholder notification and response handling in line with my expectations as set out in the Original Report.

4.2 Any changes to my assumptions underlying my Original Report

I outline below in italics each of my assumptions from Section 2.6 of my Original Report, together with an update as of this Supplementary Report:

- *AWP H&L retain solvency levels within their risk appetite up to and after the Effective Date.*
 - Update: This is addressed in Sections 3.1 and 3.2 of this Supplementary Report – this continues to be the case.
- *There will not be an increase in the aggregate liability or risk exposures in the Companies as an immediate consequence of the Scheme that would not have occurred were the Scheme not to proceed.*
 - Update: There is no change in respect of this assertion.
- *Service levels will not be impacted by the Scheme. My assessment is based on AWP H&L acting as administrator of the transferring business. If a change were to be made ahead of the Scheme, the new third-party administration provider would need to meet the service levels presented by AWP H&L in my assessment.*
 - Update: I was aware at the time of writing my Original Report that there were discussions in place which could have led to a change in claims handling provider. But as these discussions were at an early stage, I deemed it unnecessary to consider them in detail at that point. However, at the time of writing this Supplementary Report, agreement has been reached, and a contract has been signed.

There will be a new outsourcing partner called MSH International, Paris (“MSH”). MSH delivers health & life insurance solutions for globally mobile citizens. It is established about 50 years, operating in the Americas, Europe and China. MSH is a subsidiary of the DIOT-SIACI Group, which has over 5,000 employees worldwide, insures 5 million individuals and reported turnover of €800M in 2022.

MSH will receive claims by email, portal and app before securely transferring them to AHICE who will continue to adjudicate and pay as per existing processes. MSH will complete a ‘shadow’ adjudication only, enabling AHICE to complete Quality Assurance checking prior to 1 December 2023, the effective date.

From 1 December 2023 MSH will be the administrator of the transferring business by virtue of a sub-administration agreement with AWP H&L.

MSH will provide contingency operational resiliency for AHICE (and other Aetna entities) in the event of any delays to the IBT.

Service levels have been agreed (in relation to claims adjudication, email handling, complaint acknowledgement and resolution) between the three parties which will ensure that service standards are the same as or better than current service standards at each stage prior to and post the IBT.

I have concluded that the changes in claims handling partner to MSH since the position set out in my Original Report does not change my overall conclusions in relation to the Transfer.

- *For the policyholders of AHICE moving to AWP H&L under the Scheme, the 100% quota share reinsurance treaty with ALIC will cease on the Effective Date, but such policyholders will enjoy the benefit of a 100% quota share reinsurance treaty between AWP H&L and ALIC from that date.*
 - Update: I have received the latest version of the reinsurance agreement between AWP and ALIC. The nature of the cover is as outlined in my previous Original Report. What is changing is the commission payable, as claims handling is now not being performed by AWP H&L. However from the point of view of the transfer, and security provided to the transferring policies, there is no change from that outlined in my Original Report.
- *No significant additional tax liabilities will arise as a result of the Scheme for any of the Companies.*
 - Update: There is no change in respect to this assertion based on analysis from the Companies.

- *AWP H&L has no current intention to cease underwriting or carry out any restructuring of their businesses as a result of the Scheme.*
 - Update: There is no change in respect to this assertion.
- *There will be no policyholders left in AHICE after the Scheme, as all existing policyholders of AHICE will become policyholders of AWP H&L as a result of the Scheme. While the Scheme allows for Excluded Policies, none is expected at this time, and any Excluded Policies would be known before the date of the final Court hearing. In the event that such policies are identified I will address them in a Supplementary Report.*
 - Update: Nothing has changed in this respect at the time of finalising this Supplementary Report. This is consistent with my Original Report. If this changes between now and the final Court date, I will provide a letter to the Court addressing any issue. I do not anticipate this requirement.

4.3 Update on Wider Market and Regulatory Matters

I am not aware of any regulatory or wider market development that would cause me to alter my conclusions in the Original Report.

4.4 Other formal risk or actuarial reports

No additional annual reports (e.g. Actuarial Function Reports, ORSA's etc.) have been produced by AWP H&L or AHICE since my Original Report.

I have reviewed the reserve committee presentations as at end of June 2023 for both AWP H&L and AHICE. They are consistent with previous presentations. Both are continuing to show favourable prior year movements which provides me with continued confidence in reserve integrity.

4.5 Review of all correspondence with impacted Regulators

AWP H&L has confirmed to me that they have responded to all queries received from Regulators in relation to the Scheme. They confirm that there are no outstanding queries that should impact the Scheme.

For completeness, it is worth elaborating on one query that has now been resolved.

As part of the regulatory approval process for the transfer (formal consultation process under Regulation 41 of the European Union (Insurance and Reinsurance) Regulations 2015), the Central Bank notified all EU regulators in countries where policyholders are located, of the proposed transfer, following this Central Bank notification.

Aetna referred three Central Bank queries to AWP H&L regarding the fact that the national licensing registers of the Netherlands, Slovenia and Spain did not correctly record the registration of AWP Health & Life SA – Irish Branch. AWP Health & Life SA had originally registered to operate on a Freedom of Service basis in 2014 under a previous name, Allianz Worldwide Care SA.

The query was resolved with the assistance of ACPR, who confirmed the name change was correct. It is worth noting that the EIOPA database had the correct AWP details and no other regulators raised a similar query to the CBI.

The fundamental point here is that AWP H&L is authorized on a Freedom of Service basis in all of these countries (they confirmed to me that can provide evidence of this as required) and there is no issue with authorization.

ACPR has also informed the Central Bank that they have no objections to the Transfer.

AHICE similarly has provided me with correspondence with the Central Bank in relation to the Scheme.

In relation to AHICE, there are no matters of concern for me in that correspondence which I believe will impact the Scheme.

4.6 Other issues that may have arisen.

4.6.1 Changes to the Scheme

I note that there are no proposed changes to the Scheme.

4.6.2 Directions Hearing

I note that other than producing this Supplementary Report the Court had no further directions for me in my capacity as the Independent Actuary for the Scheme.

4.6.3 Risk and Governance

I am not aware of any developments that would change my views on the statement made in my Original Report in relation to the Risk and Governance.

4.6.4 Assets of the Various Entities

I am not aware of any developments that would change my views on the statement made in my Original Report in relation to the assets of the various entities.

4.6.5 Likely Impact on Reinsurers

I am not aware of any developments that would change my views on the statement made in my Original Report in relation to reinsurers.

4.6.6 Compensation

I am not aware of any developments that would change my views on the statement made in my Original Report in relation to the Financial Services and Pensions Ombudsman in Ireland, or with respect to France, The Mediateur of the French Federation of Insurance (Fédération Française de l'Assurance) – (FFA) or the French guarantee fund against insurance default, the FGAP.

4.6.7 Complaints

The companies provided me with the latest complaints reporting as of June 2023. There is nothing in these complaints that I believe will have any impact on the Scheme.

4.6.8 Litigations

AWP H&L has also provided me with an update on litigation. There are no new litigations, and progress is as expected on litigations reported previously.

AHICE has confirmed that they have no litigation issues/exposures to report.

4.6.9 Capital Policy

I am not aware of any developments that would change my views on the statement made in my Original Report in relation to the capital policy pre and post Scheme.

4.6.10 Treating Customers Fairly

I am not aware of any developments that would change my views on the statement made in my Original Report in relation to treating customers fairly.

4.6.11 What would happen were Scheme not to proceed?

I am not aware of any developments that would change my views on the statement made in my Original Report were the Scheme not to proceed.

Appendix 1 Glossary for this Supplementary Report

| Glossary of company names and other relevant bodies | |
|---|---|
| Term | Definition |
| ACPR | Autorité de Contrôle Prudential et de Resolution, the French Regulator |
| AHICE | Aetna Health International Company of Europe DAC, the Irish Aetna company |
| AI | Aetna International LLC |
| AHICE | Aetna Insurance company Limited, the UK AETNA company |
| ALIC | Aetna Life Insurance Company, incorporated in Connecticut |
| Allianz Partners | Also known as AzP, registered in France, controls AWP P&C and AWP H&L |
| Allianz SE | The Allianz Group, the ultimate parent |
| AWP H&L | AWP Health and Life, a French insurer with a branch in Ireland |
| FOS | Financial Ombudsman Scheme (UK) |
| SAI | Society of Actuaries in Ireland |

| Glossary of other terms used in both the Original and Supplementary Reports | |
|---|---|
| Term | Definition |
| AFR | Actuarial Function Report, the actuarial report required under Solvency II |
| APA | Asset Purchase Agreement, the agreement between AWP H&L and AI which gave exclusive rights to the Allianz Group through its various entities to offer renewal terms to the relevant AI policies |
| ASP | Actuarial Standard of Practice of the SAI |
| Central Bank | Central Bank of Ireland |
| CEO | Chief Executive Officer |
| EIOPA | European Insurance and Occupational Pensions Authority |
| EU | European Union |
| FA | Framework Agreement, to transfer the relevant legacy liabilities from the various AI entities to the various Allianz entities |
| FSPO | Financial Services Pensions Ombudsman of Ireland |
| HoAF | Head of Actuarial Function |
| IBT | Insurance business transfer |
| MCR | Minimal Capital Requirement |
| ORSA | Own Risk and Solvency Assessment |
| Own Funds | Excess of Assets over Liabilities, both valued on a SII basis |
| QRT | Quantitative Reporting Template |
| Quota Share | A reinsurance arrangement that typically transfers a set percentage of claims (and premiums) to a reinsurer. |
| SAI | Society of Actuaries in Ireland |
| Scheme | The legal document that will be presented to the High Court, which details the insurance business transfer. |
| SCR | Solvency Capital Requirement |
| Solvency II | Risk based EU wide insurance directive which codifies and harmonises the EU insurance regulation. Discussed further in Appendix 5. |
| UK | the United Kingdom |

Appendix 2 Data Received

| AWP: Data Received for Supplementary Report | |
|---|--|
| File | Narrative |
| 2022 AWP H&L Actuarial Function Report - final | This Actuarial Function Report was not finalised at the time of my Original (IE) Report |
| Email received 11 th August | Relates to <ul style="list-style-type: none"> • Tax liabilities • Intent to continue underwriting • Events in wider market or regulatory environment • Any change in impact of Brexit, Covid and Ukraine War |
| MSH Overview | AWP file note on overview of new claims handling partner for transferred AHICE business |
| Various QRTs | These are the half-yearly Solvency II reporting templates with information such as <ul style="list-style-type: none"> • Premium and claims by major class • Own Funds and SCR coverage Ratios • Technical Provisions and written Premiums by major class and MCR calculation • Balance Sheet |
| Res Comm extract H&L Q2 2023 | Health and life Reserve committee Q2 PowerPoint Presentation |
| 12023 Health Top Risk Assessment _ AQUA IBT request 09.08.2023 | Top Risk Assessment – similar to largest risks on a risk register |
| Monthly Complaints Report - June 2023 | Complaints PowerPoint presentation |
| 2023Q2 AzP SII sign-off meeting slides 2023Q1 AzP SII sign-off meeting slides - post meeting | PowerPoint presentations showing flightpath of SCR Coverage Ratios for AWP H&L |
| Email from Claire D re legal compliance points | <ul style="list-style-type: none"> • No new litigation on H&L • Update on legal name |
| SII coverage Ratio plan for H1 and H2 | |
| Financial Performance for AWP H&L | Business performance in 2023 to-date revenue accounts and related financial information |
| Reserve Committee Extract for AWP H&L | |
| Updated complaints Reporting | |
| | |

| AHICE: Data Received for Supplementary Report | |
|---|--|
| File | Narrative |
| SR01_2023_08_08_Confirmation of no litigation AHICE | Confirmation of no Litigation |
| SR03_AHICE IBT Summary Risk Review_Final | Risk review of IBT |
| SR06_AHICE Mgt Accts Jun 23 EUR v1 | Financial Performance of AHICE in 2023 |
| SR07_IBT Operations update for IE | Update on MSH outsourced claims handlers from September 2023 |

| | |
|---|--|
| Communications Response Tracker 10.09.23 | Response tracker for communications |
| Monthly Complaints Report – Jan to June 2023 (6 files) | Regulatory monthly complaints |
| AHICE Q2 23 Quarterly reporting Solo | Quarterly Report templates |
| June 2023 Reserve Committee v1 | Reserve Papers for AHICE |
| 2023.05.05 Email to CBI - AHICE withdrawal from Temporary Run off Regime | Letter to CBI as described in name |
| Aqua - RI Agreement | Latest draft of RI agreement – only OS issue is agreement on Ceding commission now that claims handling will not be by AWP |
| Email in relation to publication of Report on Website date | States date of publication |
| Independent Expert Tax Note_v2 | Tax Note from AHICE tax Advisors |
| Email re rejections of TPs | Re-Projections of TPs for AHICE as at transfer date |
| Tax Email from Brian O'Rourke | Email from Brian O'Rourke re tax note |
| AHICE Summary IBT Mailings v6.1 | Summary of communication success rates |
| Project Aqua - DRAFT -Fourth Affidavit of Brian O'Rourke dated [] - Clean- 19 September 2023 | Affidavit draft as at 19 th September |
| AHICE Communications Response Tracker 10.09.23 | Summary of responses received from communications |
| AHICE IBT Responses to 12 SEP 2023_REDACTED | Actual responses – names redacted |
| Memo explaining emailing process and timings | |