



Supplemental Report of the Approved Actuary on the Proposed Portfolio Transfer

February 1, 2024

wtwco.com

Disclaimer

Purpose

This disclaimer uses the terms defined in the other sections of this supplemental report of the Approved Actuary (“Supplemental Report”).

This supplemental report (“Supplemental Report”) has been prepared by Willis Towers Watson US, LLC (“WTW”, “Willis Towers Watson”, “we”, “us”, or “our”) for CTLR on an agreed basis for the purpose of reporting on the application to be submitted to the Bermuda Monetary Authority to the Supreme Court of Bermuda in accordance with the Statement of Work. This document is not intended nor necessarily suitable for any other purposes. It must be considered in its entirety. Neither I nor WTW owe or accept any duty to any other party and shall not be liable to any other party who relies on this Supplemental Report nor for the use of this Supplemental Report for a purpose for which it was not intended.

Distribution and Use

This Supplemental Report was prepared for your sole and exclusive use and on the basis agreed with you. It was not prepared for use by any other party and may not address their needs, concerns or objectives. We do not assume any responsibility or accept any duty of care or liability to any third party who may obtain a copy of this document and any reliance placed by such party on it is entirely at their own risk.

Copies of this document may be distributed to your attorneys, the Bermuda Monetary Authority, the Supreme Court of Bermuda, the Central Bank of UAE, and the policyholders of the UAE Branch of Chubb Tempest Life Reinsurance Ltd. You may also provide copies of this document to Chubb Limited, and your other affiliated companies under the Chubb Group of companies, provided that each shall be deemed a “Recipient” hereunder and you remain responsible for their compliance.

Copies of this Supplemental Report may be provided to Chubb Tempest Life Reinsurance Ltd.’s external auditors, insurance rating agencies, and regulatory authorities (the “Recipients”). Permission is hereby granted for such distribution on the conditions that:

- Willis Towers Watson is provided a list of all the non-affiliate Recipients to whom this Supplemental Report is provided and the date the Report is provided to such non-affiliate Recipients;
- This Supplemental Report is distributed in its entirety;
- Each Recipient recognizes that Willis Towers Watson is available, at the expense of Chubb Tempest Life Reinsurance Ltd., to answer any questions concerning this Supplemental Report;
- Each Recipient agrees not to reference or distribute this Supplemental Report to any other party;
- Each Recipient recognizes that the furnishing of this Supplemental Report is not a substitute for its own due diligence and agrees to place no reliance on this Supplemental Report or the data contained herein that would result in the creation of any duty or liability by Willis Towers Watson to such party;
- In the event that the Recipient is required by order of a court of competent jurisdiction, administrative agency or governmental body, or by any law, rule, regulation, subpoena, or any other administrative or legal process to disclose this report, the Recipient may disclose

this Supplemental Report without liability hereunder, provided that the Recipient gives Willis Towers Watson prompt notice of any such requirement and, at our discretion, either (1) cooperates with us, at our expense, to prohibit such disclosure, or (2) uses all reasonable efforts to get confidential treatment of this Report under a protective order or other appropriate mechanism.

Draft versions of this Supplemental Report must not be relied upon by any person for any purpose.

Table of Contents

Disclaimer	1
<i>Purpose</i>	2
<i>Distribution and Use</i>	2
Section 1: Introduction	3
<i>Introduction</i>	3
<i>The Supplemental Report</i>	3
<i>Reliances</i>	4
<i>Limitations</i>	4
Section 2: Relevant Developments	6
<i>Introduction</i>	6
<i>CTLR-UAE IFRS 17 Adoption</i>	6
<i>Sukoon IFRS 17 Adoption</i>	7
<i>Latest Progress on Portfolio Transfer Timeline of CTLR-UAE</i>	8
<i>Transferring Business</i>	8
<i>Risk Profile of CTLR and Sukoon</i>	8
<i>General Business Development</i>	9
<i>Reliance on the Appointed Actuary of CTLR and Sukoon</i>	9
<i>Status of the Reinsurance Treaty Novation</i>	10
<i>The Scheme of Transfer</i>	10
<i>Conclusion</i>	10
Section 3: Updated Financial Position as of 30 June 2023	11
<i>Introduction</i>	11
<i>CTLR-UAE Solvency Position under the CB UAE Basis</i>	11
<i>CTLR-UAE Balance Sheet Comparison as of 30 June 2023</i>	12
<i>Sukoon Balance Sheet Comparison as of 30 June 2023</i>	12

Conclusion 14

Section 4: Conclusions 15

Appendix A: Key Sources of Data 16

Section 1: Introduction

Introduction

- 1.1 Chubb Tempest Life Reinsurance Ltd. (“CTLR”) proposes to transfer the long-term business of its United Arab Emirates Branch (“Chubb-UAE” or “Transferring Business”) to Sukoon Insurance P.J.S.C (“Sukoon”) (formerly known as Oman Insurance Company P.S.C.); and Chubb-UAE and Sukoon are collectively referred to as the “Companies”. This will be effected in accordance with a scheme of transfer (“the Scheme of Transfer” or “the Scheme”) under Bermuda law pursuant to Section 25 of the Bermuda Insurance Act 1978 (the “Act”), and in accordance with the UAE Federal Law No. 6 of 2007 (the “Insurance Law”).
- 1.2 CTLR will seek the Bermuda Monetary Authority’s no-objection to the Scheme of Transfer and will petition the Supreme Court of Bermuda (“Bermuda Court”) for an order sanctioning the transfer, and concurrently CTLR and Sukoon (“Companies” or “Parties”) will apply to the Central Bank of UAE (“CBUAE”, or jointly the BMA and CBUAE are referred to as the “Regulators”) for approval of the transfer.
- 1.3 Willis Towers Watson US, LLC or any of its Affiliates (“WTW,” “we” or “us”) has been engaged by CTLR to perform the role of Approved Actuary as required under Section 25 of the Act. The terms of our engagement are set out in a Statement of Work dated 24 July 2023 (referred to as “the Engagement Letter”).
- 1.4 I have prepared a report to the Regulators entitled “The Report of the Approved Actuary” dated 15 December, 2023 (the “Main Report”).

The Supplemental Report

- 1.5 The purpose of this report (the “Supplemental Report”) is to provide an updated assessment of the likely effects of the Scheme on the financial security and benefit expectations of policyholders and to address any areas for which information was not available at the time I prepared the Main Report. The conclusions I have reached in the Main Report is assessed again based on the updated financial information as of 30 June 2023 and relevant significant events subsequent to the issuance of the Main Report.
- 1.6 The same defined terms used in the Main Report continues to be used in the Supplemental Report. In particular, CTLR and Sukoon are collectively referred to as the Companies, and their policyholders include:
 - Policyholders of CTLR-UAE are referred to as “Transferring Policyholders”;
 - the existing policyholders of Sukoon, referred to as the “Sukoon Policyholders”.

- 1.7 This Supplemental Report should be read in conjunction with the Main Report, and both should be considered in their entirety as individual sections.
- 1.8 Details of the scope of my work, qualifications and disclosures, considerations of the Schemes, reliances and limitations and the terms of reference applying to my work are provided in the Main Report.

Reliances

- 1.9 The reliances and limitations listed in Section 7 of the Main Report also apply equally to the Supplemental Report. In preparing this Supplemental Report, I have had access to documentations provided by the Companies. The documentations I relied on are detailed in Appendix A.
- 1.10 In preparing this Supplemental Report, I have relied on the accuracy of information provided by or on behalf of the Companies or employees of the Companies, both in writing and orally. I consider it is reasonable to rely on the information as much of the information has been subject to internal and external audit or other peer reviews, and I have had the opportunity to question the information provided. My team and I have reviewed the information provided for general reasonableness and accuracy based on my own experience of the insurance industry.
- 1.11 CTLR-UAE has provided me an updated solvency position as of 30 June 2023 on CBUAE basis following the same methodology as the year-end submission. In the context of my opinion on the Transfer, I believe CTLR-UAE have taken a reasonable approach in producing the solvency ratios for me to form my opinions. Sukoon doesn't have an updated solvency position in mid-year, therefore my opinion is based on the 31 December 2022 information and its latest financials.
- 1.12 Both CTLR-UAE and Sukoon have provided me with financial statements as of 30 June 2023. These financials are reviewed and signed off on by external auditors. In the context of my opinion on the Transfer, I believe the Companies have taken a reasonable approach in producing the financial statements for me to form my opinions.
- 1.13 I have not independently reviewed the calculations provided to me and I explicitly rely on the Companies and their Appointed Actuaries and Chief Actuaries that all the calculations used in relation to the Scheme are appropriate and accurate as presented. I have, however, reviewed the methodology and assumptions used in some of the calculations.

Limitations

- 1.14 This Supplemental Report has been written on the basis that it will be utilized by persons competent in the areas addressed and with knowledge of the business activities of the Companies and the nature of the risks and rewards inherent in the life insurance business in which they operate.
- 1.15 This Supplemental Report must be considered in its entirety. Draft versions of this Supplemental Report should not be relied upon for any purpose.

- 1.16 When forming my conclusions in this Supplemental Report concerning the effect of the Scheme of Transfer, I have considered the Schemes and asked for information about Company's plan to understand the wider picture.
- 1.17 The Main Report was based on data as of 31 December 2022 and the Supplemental Report has assessed the financial implications from changes up to and including 30 June 2023. The Supplemental Report does not take into account any developments after 30 June 2023 unless stated explicitly to the contrary in this Supplemental Report.
- 1.18 This Supplemental Report does not provide financial or other advice to individual policyholders, and must not be construed as legal, investment or tax advice.
- 1.19 Figures in all tables in this Supplemental Report are subject to rounding differences.
- 1.20 All currency amounts in this Supplemental Report are in USD. Any currency conversions are based on an exchange rate of 0.27229 USD to 1 AED.

Section 2: Relevant Developments

Introduction

- 2.1 In this part of the Supplemental Report, I consider several developments relevant to the Scheme of Transfer since the final issuance of the Main Report dated 15 December 2023.
- 2.2 On 9 January, 2024, Oman Insurance Company P.S.C. changed its name to Sukoon Insurance P.J.S.C.
- 2.3 As of 1 January 2023, both CTLR-UAE and Sukoon have adopted IFRS 17 which replaces IFRS 4. This results in changes to the measurement and presentation of amounts related to insurance and reinsurance contracts.

CTLR-UAE IFRS 17 Adoption

- 2.4 As of 1 January 2023, CTLR-UAE has adopted IFRS 17 which replaces IFRS 4.
- 2.5 In forming my opinion, I have placed reliances on the Company and the external auditors that contract measurement and presentation has been performed accurately under IFRS17. I have reviewed the materials to ensure that the resulting financials are reasonable, however I have not done a deep review of the impact of IFRS17 transition. The full application of IFRS 17 is documented in the financial statements for the period ended 30 June 2023.
- 2.6 The following table summarizes the impact of IFRS 17 on CTLR-UAE's balance sheet on the transition date as of 31 December 2022.

Table 2.1: CTLR-UAE Balance Sheet IFRS 17 Transition Impact as of 31 December 2022

(In millions)	Pre IFRS 17	Post IFRS 17
<i>Assets</i>		
Cash and cash equivalents	0.8	0.8
Due from related parties	0.2	0.2
Investments for policyholders	4.0	4.0
Insurance and other receivables	0.2	-
Other receivables	-	0.2
Reinsurance contract assets	-	0.2
Available-for-sale investments	3.0	-
Financial assets measured at FVOCI	-	3.0
Statutory deposit	1.2	1.2
Total Assets	9.5	9.6
<i>Liabilities</i>		
Due to related parties	0.0	0.0
Insurance and other payables	0.7	-
Other payables	-	0.6
Unearned premium reserve	0.0	-

Insurance contract reserve	8.1	-
Insurance contract liabilities	-	6.0
Provision for employees' end of service benefits	0.1	0.1
Total Liabilities	8.9	6.7
Total Equity	0.6	2.9
Total Equity and Liabilities	9.5	9.6

2.7 Based on the provided information, the transition to IFRS 17 reduces the insurance contract liabilities in comparison to the IFRS 4 reserve. This increases the equity portion of CTLR-UAE's balance sheet.

Sukoon IFRS 17 Adoption

2.8 As of 1 January 2023, Sukoon has adopted IFRS 17 which replaces IFRS 4.

2.9 The following table summarizes the IFRS 17 transition impact on Sukoon's balance sheet as of 31 December 2022. Overall, IFRS 17 has a positive impact on Sukoon's net position and equity. The table below only includes balance sheet items that were impacted by the transition to IFRS 17.

Table 2.2: Sukoon Balance Sheet IFRS 17 Transition Impact as of 31 December 2022

(In millions)	Pre IFRS 17	Post IFRS 17
<i>Assets</i>		
Insurance contract assets	-	0.2
Reinsurance contract assets	851.7	646.3
Deferred acquisition costs	49.3	-
Insurance and reinsurance receivables	184.4	-
Prepayments and other receivables	39.3	51.8
<i>Liabilities</i>		
Deferred commission income	23.2	-
Re-insurance deposits retained	42.0	-
Insurance and reinsurance payables	162.3	-
Other payables	54.6	109.9
Investment contract liabilities	-	270.8
Insurance contract liabilities	1,536.3	985.4
Reinsurance contract liabilities	-	1.4
<i>Equity</i>		
Retained earnings	175.8	197.3
Insurance finance income and expenses reserve	-	3.1

2.10 The IFRS 17 transition impact is a slight improvement to Sukoon's balance sheet. Some of the liabilities are reclassified from insurance to investment contract. Overall, there is no material impact on the Sukoon's financial position.

Latest Progress on Portfolio Transfer Timeline of CTLR-UAE

2.11 The target transfer timeline for the Scheme of Transfer is summarised below:

Table 2.3: CTLR-UAE Balance Sheet IFRS 17 Transition Impact

Phase	Expected Date
Directions Hearing with Bermuda Supreme Court	19 December 2023
Sanctions Hearing with Bermuda Supreme Court	23 February 2024
Intended Effective date of the Scheme of Transfer	26 February 2024

2.12 This is consistent with the target transfer timeline described in the Main Report, of Q1/2024.

Transferring Business

2.13 The following table shows updated summary of the Transferring Policies, determined using the number of policies as of 30 June 2023, as a comparison to Table 4.2 from the Main Report as of 31 December 2022.

2.14 As of 30 June 2023, there were 200 policies in the Transferring Business, compared to 214 as of 31 December 2022. Investa policies constitute the largest part of the Transferring Policies by policy count. They make up about 39% of total CTLR-UAE's policy count.

2.15 The number of the policies have decreased using the latest available information when compared to data as of 31 December 2022 as some policies have lapsed. The changes in the makeup of the Transferring Policies will not have materially adverse impact on the Transfer.

Table 2.4: CTLR-UAE In-force Statistics as of 30 June 2023

Product	Policy Count As of 12/31/2022	Policy Count As of 6/30/2023
Accidenta / PA	1	1
Credita	1	0
Infinity	78	76
Investa	87	78
Protecta	10	10
Serenity	35	34
Serenity Critical Illness	1	1
Group Life	1	0
Riders	NA	NA
Grand Total	214	200

Risk Profile of CTLR and Sukoon

2.16 The Chief and Appointed Actuary of CTLR has confirmed there is no material change in risk profile of CTLR as of 30 June 2023, and the Chief and Appointed Actuary of Sukoon has also confirmed there

is no material change in risk profile of Sukoon as of 30 June 2023. The risk profiles have not changed materially to affect my assessment of the financial security of the Transferring Policyholders.

- 2.17 The Companies are in discussion of the details of transfer under IFRS 4 or IFRS 17 basis. In both cases, the amount of assets transferred will sufficiently cover the liabilities associated that satisfies the accounting basis and signed off by the external auditor.
- 2.18 There have been no risk events disclosed since 31 December 2022.
- 2.19 The Companies perform stress testing and capital sensitivities at the end of every financial year. I have provided my observations of the 31 December 2022 results under Section 3 of the Main Report. The results demonstrate the likely solvency positions of CTLR and Sukoon under a range of adverse scenarios over the three-year projection period, together with contingency plans and management actions to ensure assets exceed the liabilities for all scenarios. Stress testing results are not recalculated for quarterly valuation periods. Because there are no material changes to the risk profiles of the Companies, there is no reason for me to think that the stress testing results and conclusions would vary from the year end stress testing done for 31 December 2022.
- 2.20 After reviewing all the supplemental documentation provided to me by the date of this Supplemental Report, I do not believe the Companies' material risk exposures have changed significantly since the date of the Main Report to cause material adverse impact on the Transferring Policyholders and the Sukoon Policyholders.

General Business Development

- 2.21 I have reviewed the business portfolio as of 30 June 2023 for CTLR-UAE. The mix of business remains consistent with that during 31 December 2022 review.
- 2.22 The Chief and Appointed Actuary of CTLR-UAE and Sukoon has confirmed business development over the 6-month period ending 30 June 2023 does not have any material adverse impact on the Transferring Policyholders.
- 2.23 The Companies have confirmed that there have been no updates to any of the existing products that would have a materially adverse impact on the Transferring Policyholders.
- 2.24 The Companies have also confirmed that there have been no personnel changes at either CTLR or Sukoon that would have a materially adverse impact on the Transferring Policyholders.
- 2.25 There have been no other business developments to note as of 30 June 2023.

Reliance on the Appointed Actuary of CTLR and Sukoon

- 2.26 When forming my opinion on the impacts of the Scheme of Transfer on the CTLR-UAE and Sukoon policyholders and their reasonable expectations with regard to benefits, levels of service, and their

financial security, I have relied upon the information provided by the Chief and Appointed Actuary of CTLR and Sukoon.

- 2.27 The Chief and Appointed Actuary of CTLR and Sukoon has confirmed the accuracy of the information in both the Main Report and in the Supplemental Report.

Status of the Reinsurance Treaty Novation

- 2.28 The Companies are in process of transferring CTLR-UAE's existing reinsurance under the same terms and conditions by way of novation to Sukoon. The expectation remains the same as stated in the Main Report for all the new agreements to take effect on the Effective Date.

The Scheme of Transfer

- 2.29 The Companies confirmed that there have been no changes or amendments made to the Scheme of Transfer since my review as part of the Main Report.

Conclusion

- 2.30 Having reviewed all the additional information provided to me by the time of writing this Supplemental Report, I am satisfied that none of the above developments affect the conclusions of my Main Report, either individually or in aggregate.
- 2.31 The financial positions of the Companies as of 30 June 2023 are reviewed further in more detail in Section 3 of this Supplemental Report.

Section 3: Updated Financial Position as of 30 June 2023

Introduction

- 3.1 When preparing my opinion on the financial security of the Transferring Policyholders from the Scheme of Transfer, I have compared the financial positions of the Companies as of 31 December 2022 in my Main Report. This section of the Supplemental Report considers the updated financial position of the Companies as of 30 June 2023, using the most up to date valuation results available.
- 3.2 The solvency positions of the Companies as of 30 June 2023 have been reviewed internally before being provided to me. Therefore, I consider it reasonable to rely on the results in revisiting my conclusions in the Main Report.

CTLR-UAE Solvency Position under the CBUAE Basis

- 3.3 The CBUAE solvency position of CTLR-UAE as of 31 December 2022 has been provided to me and presented in Section 3.14 through to Section 3.15 of the Main Report.
- 3.4 As of 30 June 2023, CTLR continues to maintain the minimum solvency requirement on a CBUAE basis. Under the CBUAE capital basis, the CTLR-UAE is required to hold the maximum of the MCR, SCR and MGF as defined in the table below. Due to the small size of the branch, the Minimum Capital Requirement is the binding requirement. The capital required to meet the MCR is provided through a letter of credit from the parent company, CTLR.
- 3.5 The table below summarizes the solvency level of CTLR-UAE as of 31 December 2022 and 30 June 2023.

Table 3.1: Solvency requirement for CTLR-UAE as of 30 June 2022

Solvency Requirement (In millions)	31-Dec-22	30-Jun-23
(1) Minimum Capital Requirement (MCR)	27.2	27.2
(2) Solvency Capital Requirement (SCR)	2.1	2.0
(3) Minimum Guarantee Fund (MGF)	1.1	1.1
(4) Basic Own Funds	27.2	27.2
(5) Ancillary Own Funds	8.7	8.7
(4) - (1) MCR Solvency Margin – Surplus / (Deficit)	-	-
(5) - (2) SCR Solvency Margin - Surplus / (Deficit)	29.5	29.6
(5) - (3) MGF Solvency Margin – surplus / (Deficit)	30.5	30.5

- 3.6 While the Minimum Capital Requirement is maintained though the letter of credit, the “Ancillary Own Funds” are sufficient to cover the SCR and the MGF with solvency ratios of 440% and 800% respectively as of 30 June 2023. This is comparable to the solvency levels as of 31 December 2022.

CTLR-UAE Balance Sheet Comparison as of 30 June 2023

3.7 The CTLR-UAE balance sheet as of 31 December 2022 was provided in Section 3.11 of the Main Report. The restated balance sheet as of 31 December 2022 under IFRS 17 is provided in Section 2.4 of this Supplemental Report. Below is the IFRS 17 balance as of June 30, 2023.

Table 3.2: IFRS 17 Balance sheet for CTLR-UAE as of 30 June 2023

(In millions)	31-Dec-22	30-Jun-23
<i>Assets</i>		
Cash and cash equivalents	0.8	0.4
Due from related parties	0.2	0.1
Investments for policyholders measured at FVTPL	4.0	4.7
Other receivables	0.2	0.1
Reinsurance contract assets	0.2	0.1
Financial assets measured at FVOCI	3.0	3.0
Statutory deposit	1.2	1.2
Total Assets	9.6	9.7
<i>Liabilities</i>		
Due to related parties	0.0	0.1
Other payables	0.6	0.3
Insurance contract liabilities	6.0	6.6
Provision for employees' end of service benefits	0.1	0.1
Total Liabilities	6.7	7.1
Total Equity	2.9	2.5
Total Equity and Liabilities	9.6	9.7

3.8 CTLR-UAE's total equity as of 30 June 2023 is \$2.5m, a slight decrease from \$2.9m as of 31 December 2022. The small decrease in total equity is a result of higher insurance contract liabilities, not being fully offset by the increase in assets over the period. Overall, when compared to the financials in the Main Report, the CTLR-UAE's financial position is comparable, and I do not consider this a materially adverse impact in CTLR-UAE's solvency position as at 30 June 2023.

Sukoon Balance Sheet Comparison as of 30 June 2023

3.9 The Sukoon balance sheet as of 31 December 2022 was provided in Section 3.31 of the Main Report. The IFRS 17 impact to the balance sheet as of 31 December 2022 is provided in Section 2.9 of this report.

Table 3.3: IFRS 17 Balance sheet for Sukoon as of 30 June 2023

(In millions)	30-Jun-23	31-Dec-22
<i>Assets</i>		
Property and equipment	11.2	11.2
Intangible assets	22.2	23.3
Investment properties	157.8	126.6
Goodwill	1.0	-
Deferred tax assets	0.7	0.7

Statutory deposits	53.0	50.1
Financial investments at amortised cost	492.7	483.3
Financial investments at fair value through other comprehensive income (FVTOCI)	199.4	175.2
Financial investments at fair value through profit or loss	317.2	289.7
Insurance contract assets	0.0	0.2
Reinsurance contract assets	707.3	646.3
Prepayments and other receivables	92.1	51.8
Deposits with banks	147.8	150.8
Cash and cash equivalents	110.2	63.9
Total assets	2,312.6	2,073.2
<i>Equity and liabilities</i>		
<i>Equity</i>		
Share Capital	125.8	125.8
Other reserves	412.4	410.5
Cumulative changes in fair value of securities	(31.1)	(42.1)
Insurance finance income and expenses reserve	4.0	3.1
Retained earnings	205.5	197.3
Non-controlling interests	3.7	-
Total equity	720.2	694.5
<i>Liabilities</i>		
<i>Employees' end of service gratuity</i>	12.2	11.2
Bank borrowings	23.4	-
Insurance contract liabilities	1,101.4	985.4
Reinsurance contract liabilities	0.9	1.4
Investment contract liabilities	293.2	270.8
Other payables	161.3	109.9
Total liabilities	1,592.4	1,378.7
Total equity and liabilities	2,312.6	2,073.2

- 3.10 Sukoon's total equity as of 30 June 2023 is \$720.2m, a slight increase from \$694.5m as of 31 December 2022.
- 3.11 Overall, when compared to the financials in the Main Report, I do not consider any materially adverse impacts in Sukoon's financial position as at 30 June 2023.

Financial Security of the Transferring Policyholders

- 3.12 Comparing Chubb-UAE and Sukoon's UAE on a standalone basis, Transferring Policyholders will benefit from the larger combined portfolio after the transfer. While CTLR is a Bermuda registered company, my understanding is CTLR-UAE capital requirement has been managed to the CBUAE local basis.
- 3.13 In 2016, the UAE Insurance Authority introduced the Financial Regulations that include risk-based solvency capital requirements, technical provisions based on actuarial calculations, defined investment

policies and enterprise risk management requirements, and enhancement of governance and controls to match supervisory expectations of the new regime. The new regulations introduced and followed many core principles underlying the European Solvency II. The insurers are required to meet its obligations over the next 12 months with a probability of 99.5%, or 1 in 200 event. In summary, UAE has adopted a similar approach to Solvency II in a simplified and more standardized manner.

Conclusion

- 3.14 In summary, the 30 June 2023 financial positions for both Sukoon and CTLR-UAE is in line with the forecast made based on the 31 December 2022 position. Therefore, it is reasonable for me to conclude that there has been no material adverse change in the financial security of policyholders' benefits since my previous conclusions drawn in the Main Report.
- 3.15 The Companies have also confirmed that as of 30 June 2023 there have been no changes to their risk mitigation strategies used to manage risk exposures, which would have no material adverse impact on the Scheme of Transfer.
- 3.16 The insurer has provided updated baseline financial statements as of 30 June 2023. The Company's surplus and solvency positions under both bases as of 30 June 2023 remain comparable to those presented in the Main Report as of 31 December 2022.
- 3.17 The Companies have not recalculated solvency projections for plausible and stress scenarios under CBUAE or BSCR basis. My understanding is there has been no significant change to the Companies' risk exposures since the date of the Main Report, and the macroeconomic conditions as at 30 June 2023 are not materially different from those as at 31 December 2022, therefore there should not be material differences between 31 December 2022 results and 30 June 2023 results if the sensitivities were performed.

Section 4: Conclusions

4.1 Accordingly, I remain satisfied that:

- the Scheme of Transfer will not materially adversely affect the contractual benefits or rights of the Transferring Policyholders or the Sukoon Policyholders in any respect;
- the Scheme of Transfer will not materially adversely affect the reasonable benefit expectations of the Transferring Policyholders or Sukoon Policyholders in any respect;
- the Scheme of Transfer will not materially adversely affect the security of the Transferring Policyholders' benefits or the Sukoon Policyholders' benefits in any respect; and
- the Scheme of Transfer will not materially adversely affect the expected levels of service for the Transferring Policyholders or the Sukoon Policyholders in any respect; and
- the Scheme of Transfer provides sufficient safeguards to ensure that the Scheme of Transfer operates as presented.



Cindy Chou

FSA, MAAA

February 1st, 2024

Appendix A: Key Sources of Data

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

- Financial Statements of Sukoon and CTLR-UAE as of 30 June 2023 under IFRS17
- Updated Inforce Data of the Transferring Policies from CTLR-UAE as of 30 June 2023
- Scheme of Transfer submitted to Bermuda Monetary Authority and the Supreme Court

This information and various email supplementary information has been provided by or on behalf of the Companies.

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