

EXPLANATORY STATEMENT

Relating to the proposed insurance business transfer scheme by:

Excess Insurance Company Limited;

and

Hartford Fire Insurance Company, UK Branch;

and

Aviva Insurance Limited (in relation to certain business originally written by London & Edinburgh Insurance Company Limited and London & Edinburgh General Insurance Company Limited)

to

Hartford Financial Products International Limited

under Part VII of the Financial Services and Markets Act 2000

CONTENTS

	Page
1. Introduction	3
2. Your Questions Answered:	
i. More about the companies and the business to be transferred	6
ii. The Transfer	8
iii. Effects of the Transfer	9
iv. The Independent Expert	11
v. More about the Transfer process	12
vi. Further information and action required	15
3. Summary of the Transfer Scheme	17
4. Legal Notice	21

1. INTRODUCTION

This booklet has been prepared to provide you with an overview of the proposed transfer. **Please take the time to read it.**

The proposed Transfer

A transfer of business involving various portfolios of insurance and reinsurance business in run-off that are administered in the UK is proposed under Part VII of the Financial Services and Markets Act 2000 (the “**Transfer**”). All of the portfolios of business to be included in the Transfer have either been written by companies that are part of The Hartford Financial Services Group, Inc. (the “**Hartford Group**”) or are the ultimate financial responsibility of the Hartford Group. The Hartford Group is a US-based Fortune 500 insurance and investment group.

The purpose of the Transfer is to simplify and consolidate the legal structure of the UK run-off businesses of the Hartford Group into a single UK-incorporated company. All of the business being transferred has been in run-off for at least 10 years and has been primarily managed since 1998 by a single UK subsidiary of the Hartford Group, Downlands Liability Management Limited (“**DLM**”). It is proposed that the business will be transferred to another UK-incorporated, regulated Hartford Group company in run-off, Hartford Financial Products International Limited (“**HFPI**” or the “**Transferee**”). Combining all of its UK-based run-off liabilities into a single company instead of four separate companies will enable the Hartford Group to reduce costs and achieve greater capital efficiency in preparation for the new European capital regulations, Solvency II.

DLM will continue to primarily manage all of the portfolios of business after the Transfer and there will be no change to the way in which claims are handled or to any contact details. If your policy is currently serviced by a broker or intermediary, it will continue to be serviced by them, so the level of service that you currently receive will not be affected in any way as a result of the proposed Transfer.

The parties to the Transfer

It is proposed that the following run-off liabilities of the Hartford Group are transferred to HFPI:

1. All business written by Excess Insurance Company Limited (“**Excess**”), a UK-incorporated company that was acquired by the Hartford Group in 1973;
2. The business of Hartford Fire Insurance Company (“**Hartford Fire**”), a US-incorporated subsidiary of the Hartford Group, written through its UK branch (“**Hart Re**”); and
3. Certain business originally written by London & Edinburgh Insurance Company Limited (formerly London & Edinburgh General Insurance Company Limited) (“**L&E**”), a UK-incorporated company. L&E was acquired by the Hartford Group in 1970 and sold to Norwich Union Insurance Limited (now Aviva Insurance UK Limited) in 1998. However, notwithstanding the sale of L&E, the Hartford Group continued to retain ultimate financial responsibility in relation to certain business described below through contractual arrangements with Aviva (the “**L&E Business**”) which has also been administered by DLM along with the business of Excess and Hart Re.

The L&E Business was transferred by L&E to Aviva Insurance Limited ("**Aviva**") by way of a Part VII transfer in 2011 and so Aviva will be the legal Transferor of the L&E Businesses under the Transfer.

Specifically, the L&E Business to be included in the Transfer comprises business written by L&E in pooling arrangements through the following underwriting agents:

- B D Cooke and Partners between 1948 and 1968;
- HS Weavers (Underwriting) Agencies between 1972 and 1976;
- Tower Underwriting Management (also known as "Old Tower") between 1967 and 1972;
- Highlands Underwriting Agents (also known as "Tower X") between 1973 and 1978; and
- Westminster Marine Insurance Managers between 1960 and 1977.

In addition, L&E also wrote some business in the London market in its own name. In terms of the L&E Business to be included as part of the Transfer, written before 1 January 1992, this generally relates to direct US and reinsurance business written from the 1940's to the 1970's.

Excess, Hartford Fire and Aviva are collectively referred to as the "**Transferors**" in this booklet.

What should you do now?

It is important that you understand the background to the proposed Transfer and you are encouraged to read the whole of this booklet. Also enclosed is a summary of a report prepared by an independent expert, Michael Barkham of Ernst & Young LLP (the "**Independent Expert**"), who has been appointed under Section 109 of the Financial Services and Markets Act 2000 to report on the effect of the proposed Transfer on policyholders and other key stakeholders. Mr Barkham's appointment has been approved by the Prudential Regulation Authority ("**PRA**") and the Financial Conduct Authority ("**FCA**").

To help you to consider how the Transfer will affect you, further details are included within this booklet, including a summary of the terms of the legal document that will give effect to the Transfer (the "**Transfer Scheme**") and some frequently asked questions.

If you are happy with the proposed Transfer, you do not need to do anything. If the Transfer is approved by the High Court of Justice in England and Wales (the "**Court**"), all policies covered by the Transfer Scheme will automatically transfer to HFPI.

If you believe that you would be adversely affected by the proposed Transfer, you have the right to make written representations and/or to appear at the Court hearing where the application to approve the Transfer will be heard. If you intend to make written representations and/or appear at the Court hearing, either in person or by legal representation, you are requested to provide the written representations or notice of your intention to appear at Court with details of your concerns as soon as possible and ideally at least 2 days before the Court hearing. This should be sent to the solicitors for the Hartford Group, Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London, EC4Y 1HS (Ref 138865-0034/GHFS/NAG/LEH) or to Roland Jackson of DLM at the address provided on the next page.

The Court hearing is currently scheduled to take place on 13 October 2015 and if approved the Transfer will take place on 15 October 2015.

Copies of all documents relating to the Transfer, including the full terms of the Transfer Scheme and the full report of the Independent Expert, are available to download free of charge from www.downlandslability.com or by contacting DLM at the contact details below.

It is possible that there may be other parties with an interest under your policy or policies with the Transferor or Transferee entities (for example, joint holders, assignees, subsidiaries or affiliates). If you believe that any other party may be affected by the Transfer in relation to any of your policies, please forward a copy of this booklet on to them as soon as possible. Similarly, if you have assigned your policy to someone else, then please forward a copy of this booklet on to them.

If you have any further questions, please contact DLM by:

- telephone helpline on +44(0)1903 836 822;
- email to HartfordPartVII@downlandslability.com; or
- writing to Roland Jackson at Downlands Liability Management Limited, DLM House, Downlands Business Park, Lyons Way, Worthing, West Sussex BN14 9RX.

The helpline will be open between the hours of 9.00 a.m. and 5.30 p.m. from Monday to Friday UK time. When calling the helpline number outside of these hours, please leave a short message stating the nature of your query and your contact details and DLM will endeavour to return your call within 48 hours (excluding Saturdays, Sundays and Bank Holidays).

All future updates relating to the Transfer, including any changes to the Court hearing date and a copy of any supplemental report prepared by the Independent Expert, will be posted onto the website at www.downlandslability.com.

2. YOUR QUESTIONS ANSWERED

(i) More about the companies and the business to be transferred

Who is The Hartford Group?

The Hartford Financial Services Group, Inc., usually known as “The Hartford”, is a US-based Fortune 500 investment and insurance company. It is the 12th-largest property and casualty company in the United States and has its headquarters in Hartford, Connecticut. It acquired Excess in 1973 and wrote business in the UK and Europe through various branches including Hart Re, the UK branch of its subsidiary, Hartford Fire.

What business was written by Excess?

Excess wrote many different lines of insurance and reinsurance business in the London market and through overseas branches and agencies for nearly one hundred years from 1894. The business has been in run-off since 1992. Excess also wrote a portfolio of UK employers’ liability business between c.1908 to 1991. All known employers’ liability policies written by Excess are included on the database held by the Employers’ Liability Tracing Office (“ELTO”).

Traditionally Excess operated through brokers who typically issued policies direct to policyholders. It is likely therefore that you will have primarily dealt with a broker or other intermediary in relation to any policies that you hold that were issued by Excess.

It is proposed that all of the business written by Excess will be transferred to HFPI.

What business is included in Hart Re?

Hart Re was established in 1993 to enable the Hartford Group to continue writing some of the non-US reinsurance business which had previously been written by Excess. Hartford Fire also established branches in Paris, Munich, Milan and Madrid, which wrote pure reinsurance business. These branches closed in 2001/2. For the avoidance of doubt, the European branch business (and certain other reinsurance business originally written directly by Transatlantische Ruckversicherungs AG (“**Transatlantische**”) and by Transatlantische and Excess through Excess Underwriting Management GmbH, which was subsequently assumed by Hartford Fire) will not be included within the Transfer.

It is proposed that all of the business written by Hart Re will be transferred to HFPI. If you are uncertain whether or not the Transfer will affect you, please contact DLM whose contact details are provided on page 5.

What business of L&E will be included in the Transfer?

The Transfer will include certain business originally written by L&E for which the ultimate financial responsibility resides with the Hartford Group. This is referred to as the L&E Business in this booklet and specifically relates to business written in pooling arrangements through the following underwriting agents:

- B D Cooke and Partners between 1948 and 1968;
- HS Weavers (Underwriting) Agencies between 1972 and 1976;
- Tower Underwriting Management (also known as "Old Tower") between 1967 and 1972;
- Highlands Underwriting Agents (also known as "Tower X") between 1973 and 1978; and
- Westminster Marine Insurance Managers between 1960 and 1977.

In addition, L&E also wrote some business in the London market in its own name. In terms of the L&E Business to be included as part of the Transfer, written before 1 January 1992, this generally relates to direct US and reinsurance business written from the 1940's to the 1970's.

It is proposed that all of the L&E Business will be transferred to HFPI. If you are uncertain whether or not the Transfer will affect you, please contact DLM whose contact details are provided on page 5.

The contractual arrangements between Aviva and the Hartford Group are being transferred and unwound so that legal and beneficial title to the L&E Business will reside with HFPI following the Transfer.

Who is HFPI?

The Transferee, HFPI, is a UK-incorporated member of the Hartford Group. It is regulated in the UK by the PRA and FCA. It was incorporated in 2006 and began underwriting, through brokers, in November 2007 principally writing directors and officers liability and related insurance. The business has been in run-off since 2012.

(ii) The Transfer

What is a Part VII Transfer?

“Part VII Transfer” is the name sometimes given to a transfer of insurance business under Part VII of the Financial Services and Markets Act 2000. It is a statutory scheme whereby the liabilities of one insurer (or a number of insurers) and corresponding assets are transferred to another entity. The process that must be followed is stringent to ensure that policyholders are protected. To be effective the Transfer Scheme is required to be approved by the Court. In considering a Part VII Transfer Scheme, the Court will take into account the views of the PRA, the FCA and the Independent Expert, whose appointment must be approved by the PRA and the FCA, and any objections made by affected parties.

Why is the Hartford Group doing the Transfer?

The Transfer will enable the Hartford Group to simplify and consolidate its legal structure in the UK in line with existing operational, administrative and functional arrangements. All of the portfolios of business that will be included in the Transfer have been managed by DLM for many years. By combining all of its UK-based run-off liabilities into HFPI instead of operating through four separate companies, the Hartford Group will be able to reduce costs and achieve greater capital efficiency in preparation for the new European capital regulations, Solvency II. As part of the simplification of the Hartford Group, it is currently intended that Excess will be wound-up by way of a members’ voluntary liquidation following the Transfer.

Who is paying for the Transfer?

The cost of the Transfer will be borne by the Hartford Group. No costs to accomplish the Transfer will be passed on to policyholders.

What is the Transfer Scheme?

This is the legal document which governs the transfer of business and sets out the precise terms of the Transfer. The Transfer Scheme is subject to Court approval. We have included a summary of the Transfer Scheme within this booklet in Section 3 but you can download a full copy of it from www.downlandliability.com. If you would like a paper copy posted to you, then please contact DLM at the contact details provided on page 5.

When will the proposed Transfer happen?

If the proposals are approved by the Court, then we expect that the Transfer will take place at 00:01 on 15 October 2015 (the “**Effective Time**”).

(iii) Effects of the Transfer

What will be the effect of the Transfer Scheme?

A summary of the key terms of the Transfer Scheme is set out in Section 3 to this booklet. In broad terms, the effect of the Transfer Scheme will be that the Transferors' rights and obligations under their respective policies subject to the Transfer will be transferred, without alteration, to HFPI. Any rights or obligations that you have under such policies will remain unchanged, but following the Transfer will instead be exercisable against or owed to HFPI.

The Transfer will include all corresponding assets, including reinsurance assets, matching the insurance and reinsurance policies to be transferred.

What changes will we notice?

The Transfer will not affect how policies or claims are dealt with in any way or change any terms and conditions of your policies. There will be no need to re-issue any policy documentation. There will be no changes to the way in which your policy is administered and you should continue to contact DLM, your current broker or other intermediary for any policy or claim related queries in the usual way. This applies equally to policyholders and cedants of the Transferor and Transferee entities.

In addition, in relation to employers' liability policies written by Excess, individual claimant's rights under the Third Parties Rights Against Insurers Act 1930 are not affected by the Transfer.

The main change relating to the Transferor entities is that, following the Transfer, the Transferor brands will be replaced by the HFPI brand.

What will happen to claims?

Claims will be processed and paid in the usual way up until the Effective Time of the Transfer. After the Transfer, claims will continue to be processed in the usual way but will be paid by HFPI in place of the previous Transferor companies. There will be no change in the way that claims are processed in relation to HFPI.

How will the Transfer affect the security of my policy?

The legal and regulatory framework relating to an insurance business transfer proposal seeks to ensure that policyholders' interests are safeguarded and the security and benefit to all groups of policyholders of the Transferors and the Transferee will not be adversely affected. This includes detailed consultation with the PRA and FCA and an independent assessment by the Independent Expert of how the Transfer will impact different groups of policyholders with differing rights, benefits and interests. The appointment of the Independent Expert has been approved by the PRA and the FCA.

A summary of the Independent Expert's report is enclosed; his overall conclusion is as follows: *"I conclude that the security provided to policyholders would be equivalent or improved after the Transfer, that no group of policyholders would be adversely affected to a material extent by the Transfer, that the level of customer service provided to policyholders would be unaffected by the Transfer, and that therefore there is no reason that the Transfer should not go ahead."* The full

report of the Independent Expert may be obtained, free of charge, from the Transfer website at www.downlandliability.com or by contacting DLM at the contact details provided on page 5.

Will employers' liability policies of Excess continue to be traceable through ELTO?

Key policy details relating to all known employers' liability policies written by Excess are included on the database held by ELTO, through which Excess's insurance coverage can be traced. Excess will continue to be traceable in the same way through this database after the Transfer whereby DLM will handle any future claims on behalf of HFPI.

I am based in the US – how does the Transfer affect me?

If you are based in the US, the Transfer, as described in this booklet, applies to your policy also.

In addition, if you have a US surplus line insurance policy with Excess, the following information is relevant to you. As part of the Transfer, the US surplus lines business of Excess will be transferred to HFPI. Excess is listed as an eligible surplus lines insurer by the International Insurers Department of the National Association of Insurance Commissioners (the "IID") and currently maintains a US surplus lines trust (the "Excess Trust"). The assets maintained in the Excess Trust will not transfer to HFPI under the Transfer Scheme. However, HFPI has applied to the IID for listing as an eligible surplus lines insurer and will maintain its own US surplus lines trust (the "HFPI Trust"). HFPI has requested that such application to the IID be approved simultaneous with the Effective Time of the Transfer. Following the Effective Time of the Transfer, the Excess Trust will terminate. Assets securing the liability for your policy will be deposited by HFPI in the HFPI Trust. Accordingly, the HFPI Trust is expected to provide equivalent security for relevant policyholders to that previously provided by the Excess Trust, in each case subject to their terms and to the usual jurisdiction of the US Courts.

I am not based in the UK or the US – how does the Transfer affect me?

If the Court approves the Transfer, its decision will bind all policyholders as a matter of English law and will be recognised in all other EEA jurisdictions (subject to the PRA notifying the regulator in other relevant EEA states and certain rights of the relevant EEA regulators to refuse to consent to the Transfer).

How will the Transfer affect reinsurers and retrocessionaires?

Notification of inwards claims will continue to be made in the same way as before the Transfer. There will be no change to the claims agreement process or the calculation, cession and collection of reinsurance recoveries. Set-off rights that exist prior to the Transfer will be preserved. No action is required by you.

(iv) The Independent Expert

Who is the Independent Expert?

The Independent Expert is Michael Barkham of Ernst & Young LLP. Mr Barkham is a Fellow of the Institute and Faculty of Actuaries and a Fellow of the Society of Actuaries in Ireland. He is certified to act as a Signing Actuary for Lloyd's of London regulatory opinions, as well as to sign Irish, Bermudan and Singaporean regulatory opinions. He is a Partner in the European Actuarial Services practice of Ernst & Young LLP, and has more than 20 years' experience in general insurance.

Prior to joining Ernst & Young LLP in 1994, he was employed by a large London market insurance entity. Mr Barkham has skills in all areas of general insurance actuarial work (including reserving, capital, pricing and transactions) and was involved in the setting up of Equitas. Mr Barkham has previously acted as Independent Expert for other insurance business transfer schemes and has led a project that involved the provision of actuarial support to one of the largest Part VII transfers to have taken place to date.

What does the Independent Expert do?

The Independent Expert has been appointed under s109 of the Financial Services and Markets Act 2000 to report his opinion on the likely effect of the Transfer proposals on policyholders and other key stakeholders of the Transferor and Transferee entities including whether any of their interests could in any way (either directly or indirectly) be adversely affected by the Transfer. His appointment has been approved by the PRA and FCA. He is not an advisor to any company involved in the Transfer, but is a person independent of the parties involved whom the PRA and FCA consider has the necessary skills to assess the effect of the Transfer.

His primary role will be to consider the Transfer and to report his opinion to the Court. His report must be impartial, based on a thorough review of the proposals and the businesses of the Transferor and Transferee entities and in a form that is approved by the PRA and FCA. All relevant companies have provided Mr Barkham with access to key staff and any information he has requested.

Who pays the Independent Expert?

The Independent Expert is paid by the Hartford Group; however he has an overriding duty to the Court, to assist the Court and to give the Court independent expert evidence on the Transfer.

What does it mean that he is independent?

In accordance with the Financial Services and Markets Act 2000, Mr Barkham's overriding duty of responsibility is to the Court and not to the companies involved in the proposed Transfer. His report must be impartial. His appointment has been approved by the PRA and FCA, who were provided with evidence to demonstrate his independence from the parties to the Transfer.

We have enclosed a summary of his report, but you can download a full copy of his report from www.downlandslability.com. The Independent Expert may also prepare a supplement to his report prior to the Court hearing in relation to any matters which may have changed or have been updated since his first report. Any supplemental report will be made available on www.downlandslability.com. If you would like a paper copy of any of the reports posted to you then please contact DLM at the contact details provided on page 5.

(v) More about the Transfer process

Why are you writing to me?

In order for the Transfer to take place, a rigorous legal and regulatory approval process must be followed. Policyholder protection is paramount and, as part of the legal process, notification to policyholders, claimants and other key stakeholders is required. The manner in which the formal notifications of the Transfer are being issued has been discussed with the PRA and FCA, and approved by the High Court.

Have the FCA and PRA reviewed the Transfer Scheme?

Under the Financial Services and Markets Act 2000, the ultimate decision as to whether to approve a Part VII transfer lies with the Court. The PRA, in consultation with the FCA, will be responsible for specific regulatory functions connected with Part VII transfer applications including approval of the appointment of the Independent Expert and the form of his report, approval of the press notices and notification letters sent to policyholders and other affected parties and the provision of relevant regulatory certificates as required by legislation.

Both the PRA and the FCA have the right to make written and oral representations to the Court, including providing the Court with reports setting out their views on the proposed Transfer Scheme, which the Court will take into account in deciding whether the Transfer Scheme is fair and whether policyholders' interests are safeguarded.

Have the regulators in other countries been consulted?

Yes. In accordance with the Financial Services and Markets Act 2000, relevant regulators in the EEA and the regulator in Switzerland have been consulted. The Connecticut Insurance Department, the regulator for the Hartford Group, has also been consulted.

Can I vote on the Transfer?

There are no voting procedures in relation to a Part VII transfer and you are not required to take any action in relation to the Transfer. If the Transfer is approved by the Court, all affected policies will automatically transfer to HFPI. However, you do have a right to object to the Transfer proposals and for your objection to be heard by the Court. Please refer to the next question for details on what to do if you wish to object.

What if I have an objection to the Transfer?

We hope this booklet provides you with sufficient information to allow you to understand what is being proposed, and answer any questions that you may have. However, if you believe that you will be adversely affected by the Transfer, you have the right to make written representation and/or appear at the Court hearing to approve the Transfer.

The Court hearing is scheduled to take place on 13 October 2015 at the Rolls Buildings, Royal Courts of Justice, 7 Rolls Buildings, Fetter Lane, London EC4A 1NL, UK. If you wish to make representations at the Court hearing but are not able to attend the hearing, you may do so either by calling or

writing to DLM at the contact details provided on page 5 or through legal representation. Alternatively, you may write to the solicitors of the Hartford Group at the address details given below.

Any person who intends to appear at the Court, or to make representations in writing, is requested to notify the Hartford Group's solicitors as soon as possible and ideally at least 2 days before the Court hearing to Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London, EC4Y 1HS or to DLM at the address provided on page 5.

If you raise an objection about the proposed Transfer, we will respond in writing within 5 working days, either to respond to your objection, or to acknowledge receipt of your objection. If we are simply acknowledging receipt of your objection, we will tell you in our letter when we will respond in full.

We will keep a record of all the objections received and will provide these to the Court, the PRA and the FCA, along with a copy of our responses. If you make your objection in writing, this will be included in the information supplied to the Court. Notifying us of your objection in advance of the Court hearing does not affect your right to attend and make your objection at the Court hearing itself, which you will still be able to do.

Where and when will the Court hearing take place?

The Court hearing is scheduled to take place on 13 October 2015 at the Rolls Buildings, Royal Courts of Justice, 7 Rolls Buildings, Fetter Lane, London EC4A 1NL, UK. It is possible that the hearing date may change. Anyone wishing to attend the hearing should check our website at www.downlandsliaability.com which will be updated should the hearing date change.

Who can attend?

The Court hearing will be attended by representatives of the companies involved, and the Independent Expert. The Transferor and Transferee companies will be jointly represented at the Court hearing by a barrister. The PRA and FCA also have the right to attend.

The Court hearing is open for members of the public to attend. If you have an objection to the Transfer because you believe you will be adversely affected by it, then you can attend (in person or by a legal representative), and make your objection at the Court hearing.

If you do intend to appear or to be represented at the Court hearing, you are requested to notify the Hartford Group's solicitors as soon as possible and ideally at least 2 days before the Court hearing to Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London, EC4Y 1HS or to DLM at the address provided on page 5.

What will happen at the Court hearing?

The Judge will review whether all of the legal procedures for completing a Part VII transfer have been followed correctly. The Judge will also review the witness statements and evidence presented by the companies in support of the proposed Transfer, and consider the reports of the Independent Expert, the PRA and the FCA.

Time will be allocated to hear any objections put forward (whether in writing or in person) by affected policyholders or any other person who alleges that they would be adversely affected by the proposals.

The Judge must decide whether or not it is appropriate to approve the Transfer Scheme, taking all of the evidence into account. If the Judge does approve the Transfer Scheme, then a Court Order is made which allows the Transfer Scheme to come into effect at the time specified in the Order.

The Court hearing is scheduled to take place on 13 October 2015 at the Rolls Buildings, Royal Courts of Justice, 7 Rolls Buildings, Fetter Lane, London EC4A 1NL, UK.

(vi) Further information and action required

Do I need to do anything?

You are not required to take any action in relation to the Transfer. If the Transfer is approved by the Court, all rights, liabilities and obligations under all of the affected policies will automatically transfer to HFPI along with any claims relating to those policies. There will be no need to re-issue any policy documentation and all contact details will remain the same.

If you are happy with the proposed Transfer, you do not need to do anything. However, if you believe that you will be adversely affected by the Transfer, you have the right to object. Please see the response to “What if I have an objection to the Transfer?” on page 12 for details of the steps you should take if you wish to object.

It is possible that there may be other parties with an interest under your policy or policies with the Transferor or Transferee entities (for example, joint holders, assignees, subsidiaries or affiliates). If you believe that any other party may be affected by the Transfer in relation to any of your policies, please forward a copy of this booklet on to them as soon as possible. Similarly, if you have assigned your policy to someone else, then please forward a copy of this booklet on to them.

Where can I find out more information?

We have included information within this booklet to help you to understand the proposed Transfer Scheme. Further information about the Transfer, including the full terms of the Transfer Scheme and the full report of the Independent Expert, is available free of charge at **www.downlandslability.com**.

If you have any other queries relating to the Transfer or would like hard copies of the Transfer documents to be sent to you, please contact DLM by:

- telephone helpline on +44(0)1903 836 822;
- email to **HartfordPartVII@downlandslability.com**; or
- writing to Roland Jackson, Downlands Liability Management Limited, DLM House, Downlands Business Park, Lyons Way, Worthing, West Sussex BN14 9RX.

The helpline will be open between the hours of 9.00 a.m. and 5.30 p.m. from Monday to Friday UK time. When calling the Transfer helpline number outside of these hours, please leave a short message stating the nature of your query and your contact details and DLM will endeavour to return your call within 48 hours (excluding Saturdays, Sundays and Bank Holidays). If you contact us by email or in writing, we will respond to you within 5 working days, either to respond to your query, or to acknowledge receipt of your query. If we are simply acknowledging receipt of your query, we will tell you in our letter when we will respond in full.

Any other general queries relating to your policy or claims should continue to be made using the contact details set out in your policy documents.

All future updates relating to the Transfer will be posted onto the website at **www.downlandslability.com**, including any changes to the date of the Court hearing and a copy of any supplemental report prepared by the Independent Expert.

How will I know if the Transfer Scheme has been approved?

We will announce the outcome of the Court application on the website at www.downlandliability.com. If the Transfer Scheme is approved, it is expected to become legally effective on 15 October 2015 and all future communications relating to the business that has been transferred will be made by HFPI. If the Transfer is not approved, there will be no change to the legal entity with whom your policy is placed.

3. SUMMARY OF THE TRANSFER SCHEME

A. INTRODUCTION

This section summarises the key legal terms of the proposed Transfer, as set out in the Transfer Scheme. Defined terms used in this section shall have the meanings given in the Transfer Scheme. A copy of the full Transfer Scheme document is available on our website, www.downlandsliaability.com or upon request:

- by phone on +44(0) 1903 836822;
- by e-mail to HartfordPartVII@downlandsliaability.com; or
- in writing to Roland Jackson, Downlands Liability Management Limited, DLM House, Downlands Business Park, Lyons Way, Worthing, West Sussex BN14 9RX.

This summary statement and the Transfer Scheme contain important information. If you are in any doubt as to the meaning or import of the contents of this summary or the Transfer Scheme, you are recommended to seek your own advice from your solicitor or other professional adviser.

B. KEY TERMS OF THE TRANSFER SCHEME

1. Effective Date

- 1.1. The Transfer is conditional upon the Court granting an order pursuant to the Financial Services and Markets Act 2000 sanctioning the Transfer Scheme. If this order is granted, the Transfer will become effective from 15 October 2015 (the *Effective Date*).
- 1.2. Paragraphs 2 to 10 below describe the effect of the Transfer Scheme if it is approved by the Court.

2. Transfer of the Transferred Business

- 2.1. On and with effect from the Effective Date, the Transferors will transfer all of the Transferred Business to the Transferee. The Transferred Business comprises the Excess Transferred Business, the Hart Re Transferred Business and the L&E Transferred Business.
- 2.2. At the Effective Date:
 - (a) each Transferred Policy and Transferred Asset and, in each case, all the interest and title of any of the Transferors in it shall without any further act or instrument, be transferred to and be vested in the Transferee;
 - (b) each Transferred Liability shall, without any further act or instrument, be transferred to and become a liability of the Transferee and shall cease to be a liability of the Transferors; and
 - (c) any existing indemnity, power of attorney, authority, declaration or consent given to or by any of the Transferors relating to any part of the Transferred Business (including the Transferred Policies) shall have effect from the Effective Date as if given to, or as the case may be, by the Transferee.

3. Rights and obligations under Transferred Policies

- 3.1. Policyholders with Transferred Policies will continue to have the same rights, benefits and obligations and be subject to the same terms and conditions in relation to those policies

save that the Transferee will be substituted as the insurer in place of the relevant Transferor. There will be no other changes to the terms and conditions of the Transferred Policies.

- 3.2 All rights, benefits and obligations or liabilities of the Transferors in respect of the Transferred Business under reinsurance or retrocession contracts will be transferred to the Transferee and the Transferee shall be substituted as a party to such contracts in place of the Transferors. Any reinsurers or retrocessionaires of the transferred business will have no greater or lesser liability to the Transferee as they would have had to the Transferors in respect of the Transferred Business.
- 3.3 The Transferee will have all the rights, benefits, powers and obligations of the Transferors in respect of the Transferred Business and holders of the Transferred Policies will have rights against the Transferee instead of against the Transferors.
- 3.4 All references in any Transferred Policy or Transferred Contract to any of the Transferors, a Transferor Board or any other officers, employees or agents of the Transferors shall, with effect on and from the Effective Date, be read as references to the Transferee, the Transferee Board or any other officers, employees or agents of the Transferee respectively.

4. Continuity of Proceedings

- 4.1 Any pending or current proceedings or complaints issued or served before the Effective Date by or against any of the Transferors in respect of the Transferred Business will be continued by or against the Transferee in place of the relevant Transferor in respect of the Transferred Business. The Transferee will be entitled to any and all defences, claims, counterclaims and rights of set-off that the relevant Transferor would have had in respect of the Transferred Business.
- 4.2 Any judgment, order or award which is not fully satisfied before the Effective Date will become enforceable by or against the Transferee in the place of the relevant Transferor, in respect of the Transferred Business.
- 4.3 On and with effect from the Effective Date, or in the case of any Residual Asset or Residual Liability the relevant Subsequent Transfer Date, any proceedings by or against the Transferors in respect of the Transferred Business will be continued or commenced against the Transferee. The Transferors shall have no liability under such proceedings and for the avoidance of doubt the Transferee may determine, in its absolute discretion, after the Effective Date to discontinue any such proceedings brought by a Transferor in respect of the Transferred Business.

5. Residual Assets and Residual Liabilities

- 5.1 It is possible that some of the policies that would otherwise be included as Transferred Policies will not transfer on the Effective Date, for example:
 - (a) where legal steps are required to be taken in other jurisdictions;
 - (b) if the Court determines not to transfer such policies on the Effective Date; or
 - (c) if the Transferors and the Transferee agree before the Effective Date that such policies should not transfer at that time.
- 5.2 Any Transferred Assets or Transferred Liabilities which cannot be transferred or which it is not appropriate to transfer at the Effective Date (***Residual Assets*** and ***Residual Liabilities***,

respectively) will be transferred (if appropriate) once the relevant restriction to the transfer has been removed (the date of each such transfer, a **Subsequent Transfer Date**).

5.3 The Transferors will hold any Residual Assets on trust for the Transferee, with effect from the Effective Date.

5.4 DLM will continue to administer any Residual Assets and/or Residual Liabilities on behalf of the Transferors, and the Transferee shall have full authority to conduct any such proceedings or, where appropriate, direct the Transferors as to the conduct of the proceedings.

6. Retained Policies

6.1 The Transfer Scheme is intended to transfer all of the Transferred Policies from the Transferors to the Transferee. However, the Transfer Scheme also contains provisions for the Transfer Scheme to proceed if the Court is unable to transfer a particular policy because it is discovered that the state of a commitment of that policy was not the UK but elsewhere in the European Economic Area (**EEA**) and the consent of the regulator in that EEA state had not been obtained. That policy would be a **Retained Policy** for the purposes of the Transfer Scheme and in those circumstances that Retained Policy would not transfer to the Transferee.

6.2 If all consents or other requirements for the transfer of the Retained Policy from the Transferors to the Transferee are subsequently obtained, such Retained Policy shall be transferred to the Transferee and thereafter be treated in all respects as if it were a Transferred Policy.

7. Excluded Policies, Excluded Contracts, Excluded Assets, and Excluded Liabilities

Certain assets and liabilities, contracts and policies are specifically excluded from the Transfer Scheme and will not transfer to the Transferee. All policies of AIL other than the L&E Transferred Policies and all policies of Hartford Fire other than the Hart Re Transferred Policies are excluded from the Transfer Scheme (the **Excluded Policies**). Certain intra-group contracts are also excluded from the Transfer Scheme (the **Excluded Contracts**). Any assets relating to the Excluded Policies or the Excluded Contracts (or assets which are otherwise not proposed to transfer under the Transfer Scheme) (**Excluded Assets**) or liabilities relating to the Excluded Policies or Excluded Contracts (or liabilities which are otherwise not proposed to transfer under the Transfer Scheme) (**Excluded Liabilities**) are also excluded from the Transfer Scheme.

8. Indemnities

The Transferee shall discharge on the Transferors' behalf or, failing that, shall indemnify the Transferors against (i) any loss or expense incurred by the Transferors that is attributable to the Transferring Policies arising before or after the Effective Date; (ii) each Residual Liability, and (iii) all liabilities arising in respect of Retained Policies.

9. Mandates

Any mandates, including direct debits, standing orders or other instructions or authorities, payable to or from the Transferors in respect of the Transferred Business will be payable to or from the Transferee instead.

10. Data Protection

The Transferee shall succeed to all rights, liabilities and obligations of the Transferors in respect of any personal data which relates to the Transferred Business and which is subject to the Data Protection Act 1998.

11. Costs and expenses

All costs and expenses incurred in connection with the preparation and carrying into effect of the Transfer Scheme (other than in relation to Tax), whether before or after the Effective Date, shall be borne by the Hartford Group (and not the policyholders of the Transferred Business).

12. Modifications, amendments and additions

12.1 At any time prior to the sanction of the Transfer Scheme by the Court, the terms of the Transfer Scheme may be modified or amended with the consent of the Transferors and the Transferee and any necessary approval or requirement of the Court.

12.2 At any time after the sanction of the Transfer Scheme by the Court, the Transferors and the Transferee may apply to Court for its approval of any further amendments, subject to the FCA and PRA being notified of such amendments and to the application being accompanied by a certificate from an independent actuary confirming that in his opinion the proposed amendment will not materially adversely affect the holders of Transferred Policies.

13. Governing Law

The Transfer Scheme is governed by English law.

4. LEGAL NOTICE

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

No. 4486 of 2015

IN THE MATTER OF
EXCESS INSURANCE COMPANY LIMITED
HARTFORD FIRE INSURANCE COMPANY, UK BRANCH
AVIVA INSURANCE LIMITED
HARTFORD FINANCIAL PRODUCTS INTERNATIONAL LIMITED
AND
IN THE MATTER OF
THE FINANCIAL SERVICES AND MARKETS ACT 2000

NOTICE

NOTICE IS HEREBY GIVEN that on 30 June 2015 Excess Insurance Company Limited (“**Excess**”), Hartford Fire Insurance Company, UK branch (“**Hart Re**”) and Aviva Insurance Limited (“**AIL**”) (Excess, Hart Re and AIL, together, the “**Transferors**”) and Hartford Financial Products International Limited (“**HFPI**” or the “**Transferee**”) made an application (the “**Application**”) to the High Court of Justice (the “**Court**”) pursuant to section 107(1) of the Financial Services and Markets Act 2000 (“**FSMA**”) for an Order:

- (1) under section 111 of FSMA sanctioning an insurance business transfer scheme for the transfer of certain general insurance business of the Transferors, as outlined below to HFPI (the “**Scheme**”); and
- (2) making ancillary provisions in connection with the Scheme pursuant to section 112 of FSMA.

The Scheme will result in the following business being carried on by HFPI:

- (a) the general insurance business carried on by Excess and Hart Re; and
- (b) the business assumed by AIL from London & Edinburgh Insurance Company Limited (formerly London & Edinburgh General Insurance Company Limited) (“**L&E**”) (now part of AIL) being:
 - (i) business written by L&E in pooling arrangements through the following underwriting agents:
 - (A) B. D. Cooke and Partners between 1948 and 1968;
 - (B) H.S. Weavers (Underwriting) Agencies Limited between 1972 and 1976;
 - (C) Tower Underwriting Management (also known as “Old Tower”) between 1967 and 1972;
 - (D) Highlands Underwriting Agents (also known as “Tower X”) between 1973 and 1978; and
 - (E) Westminster Marine Insurance Managers between 1960 and 1977; and
 - (ii) business written by L&E in the London market in its own name before 1 January 1992, which generally relates to direct US and reinsurance business written from the 1940’s to the 1970’s, together, (the “**L&E Business**”).

Copies of the Scheme, a report on the terms of the Scheme prepared pursuant to section 109 of FSMA (the “**Independent Expert’s Report**”) and a statement setting out the terms of the Scheme and a summary of the Independent Expert’s Report are available free of charge at www.downlandslability.com. Supporting documents and any further news about the Scheme will be posted on this website so you may wish to check for updates. You can also request free copies of any of these documents by writing to or telephoning Downlands Liability Management Limited (“**DLM**”) using the details set out below.

The Application will be heard on 13 October 2015 by a Judge of the Chancery Division of the High Court at The Rolls Building, Fetter Lane, London, EC4A 1NL, United Kingdom. If approved by the Court, it is currently proposed that the Scheme will take effect on 15 October 2015.

Any person who believes that he or she would be adversely affected by the carrying out of the Scheme is entitled to either make written representations or be heard (either in person or by a legal representative) at the hearing of the Application on 13 October 2015. Any person who intends to appear at the Court or make representations in writing is requested to notify his or her objections as soon as possible and ideally at least two business days before the hearing of the Application on 13 October 2015 to the solicitors named below or to DLM using the details set out below.

If the Scheme is sanctioned by the Court, it will result in the transfer to HFPI of all the contracts, property, assets and liabilities relating to the general insurance business of Excess and Hart Re and relating to the L&E Business (as defined above); 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 in respect thereof. Any such right will only be enforceable to the extent the Order of the Court makes provision to that effect.

Dated: 10 July 2015

Freshfields Bruckhaus Deringer LLP
65 Fleet Street
London
EC4Y 1HS
United Kingdom

Ref: 138865-0034/GHFS/NAG/LEH
Solicitors for the Transferors and the Transferee

Downlands Liability Management Limited
DLM House
Downlands Business Park
Lyons Way
Worthing
West Sussex
BN14 9RX
United Kingdom

Ref: Roland Jackson
Email: HartfordPartVII@downlandslability.com
Phone: +44 (0) 1903 836 822.