

Our plans for Brexit

Q&A March 2019

Q1. Why have both Standard Life Assurance and Standard Life International moved within the Group?

We'd like to emphasise that this shift has not been as a direct result of Brexit or the Part VII transfer. Standard Life International has been moved so that it's no longer a subsidiary of Standard Life Assurance. This removes the possibility of counting its Solvency Capital Requirement (SCR) more than once when calculating the overall SCR for Phoenix Group Holdings plc as a whole. The transfer also optimises the capital structure and improves the solvency position of the Group.

Standard Life Assurance is expected to be moved so that it's a direct subsidiary of Phoenix Group Holdings plc in March or shortly thereafter. This is part of the long-term strategy of the Group to simplify its corporate structure. Note that this move may occur slightly later than stated in the Expert Reports. This has been communicated to the Independent Expert who has confirmed that this has no impact on his conclusions.

Q2. What is the SCR and how is it calculated?

There's an EU-wide requirement for companies to hold enough capital to withstand certain unexpected events. This capital requirement is called the Solvency Capital Requirement (SCR). The calculation of the SCR is based on EU-wide requirements and both Standard Life Assurance and Standard Life International have their own SCRs, which are stated in the Expert reports. Phoenix Group Holdings plc, which is the ultimate parent company of these companies, also has an SCR. Its SCR includes both Standard Life Assurance and Standard Life International.

Q3. Why are you still proceeding with the transfer when there have been a number of objections?

We took a broad view to how we classify an objection for this type of transfer. As a result, the number of objections received may seem high. Whilst we recognise some people may be unhappy about certain aspects of the transfer, if we don't do this, it's likely we could be unable to service our Euro-denominated policies after Brexit.

If you have objected, we've informed both the Independent Expert and the regulators of your objection. The Court will be informed prior to the final Court hearing.

You can find more information about the objections in the supplementary report which was written by the Independent Expert and can be found [here](#).

Q4. Has any part of the Transfer changed which would now impact me?

No, there have been no changes to the Transfer as previously described that would materially impact you. The Independent Expert, Standard Life Assurance Chief Actuary and With Profit Actuary, Standard Life International Head of Actuarial Function have all confirmed this through their supplementary reports which can be found [here](#).

Q5. Has anything changed since you last contacted me?

We previously communicated that we expected the final Court hearing to take place on 19 February 2019. We can now confirm that it will be taking place on 19 March 2019. The effective date of the transfer is now 29 March 2019.

Q6. The Solvency Coverage Ratios (SCRs) of Standard Life Assurance and Standard Life International have changed - why?

The estimated Standard Life Assurance and Standard Life International Solvency Coverage ratios following the transfer have improved since the initial Expert reports. These reports stated the following estimated solvency coverage ratios, which use 31 December 2017 reported position as a basis:

- Standard Life Assurance – 147%
- Standard Life International – 136%

In the supplementary Reports the updated solvency coverage ratios, which use 30 June 2018 reported position as a basis, are:

- Standard Life Assurance – 173%
- Standard Life International – 143%

The reason for the improvement in SCR for Standard Life Assurance is mainly due to the sale of Standard Life International to Phoenix Group Holdings plc. Whilst the improvement in SCR for Standard Life International is mainly due to changes in the way Standard Life International calculates its capital requirements.

More information can be found in the Expert reports available [here](#).

Q7. Why have I received a Supplementary Report by the Independent Expert?

We like to be transparent with our customers. So, if you've said that you'll attend court, previously asked for a copy, or raised an objection, we've sent you this so you'll have all the information you need.

This report outlines the developments to both companies and the transfer since September 2018 and we encourage you to read this. It also provides the Independent Experts consideration of the objections raised.

Q8. What do I need to do now?

We encourage you to read anything you've received from us about the transfer. We'd also suggest that you read the Supplementary Report which has been written by the Independent Expert and can be found [here](#).

If there's anyone else who has an interest in your policy, please share any information you've received with them too. You can download a copy of the booklet that we issued in October 2018 [here](#).

More information can be found on our website or you can contact us using the details [here](#) to speak to one of our team.

Q9. What happens if I would like to object or have already objected?

If you wish to formally object to the Proposals (or raise an objection on different grounds to one you have previously raised), please see section 5 of our booklet or contact us. If you understand our Proposals and don't have any concerns or objections, you don't need to do anything further.

If you have objected, we've informed both the Independent Expert and the regulators of your objection. The Court will be informed prior to the final Court hearing.