

SUMMARY OF SCHEME

Proposed transfer of the entire business of the London Branch of Tokio Marine & Nichido Fire Insurance Co., Ltd.

1. OVERVIEW

- 1.1 It is proposed that the entire business of the London Branch of Tokio Marine & Nichido Fire Insurance Co., Ltd. (the "**London Branch**") will be transferred to NRG Victory Reinsurance Limited ("**NRG**") under a scheme pursuant to Part VII of the Financial Services and Markets Act 2000 (the "**Act**") (the "**Proposed Transfer**").
- 1.2 Tokio Marine & Nichido Fire Insurance Co., Ltd ("**TMNF**") is an insurance and reinsurance company incorporated in Japan. TMNF was formed by the merger of Tokio Marine & Fire Insurance Co., Ltd ("**TMF**") and Nichido Fire & Marine Insurance Co., Ltd ("**NFM**") in October 2004. The London Branch is authorised to carry out contracts of insurance by the UK prudential regulator, the Prudential Regulation Authority ("**PRA**").
- 1.3 NRG, is a non-life insurance and reinsurance company registered in England (with company number 00157508 and registered office at 4th Floor, 8 Fenchurch Place, London, EC3M 4AJ). NRG is affiliated with NICO, a US corporation, the ultimate parent of which is Berkshire Hathaway Inc. NRG is authorised by the PRA to carry out contracts of reinsurance.
- 1.4 TMNF's legacy portfolio of business is comprised of the run-off portfolios of all classes of non-life, marine and non-marine international business: (i) directly written by the former International Reinsurance Department of TMF for 2000 and prior years; and (ii) written by the former Reinsurance Department and Marine Department of NFM for 2003 and prior years, which was classified as reinsurance business when written and which excludes aviation business unless incidentally written (the "**Legacy Portfolio**"). The Legacy Portfolio was relocated to the London Branch with effect from 1 March 2021, with the exception of a limited number of policies¹ (the "**London Branch Business**"). Under the terms of the Proposed Transfer, TMNF will transfer the London Branch Business to NRG. The terms of the transferring policies will not otherwise be affected as a result of the Proposed Transfer.
- 1.5 On 31 December 2014, TMNF entered into a Loss Portfolio Transfer ("**LPT**") reinsurance agreement with National Indemnity Company ("**NICO**"), pursuant to which NICO agreed to provide reinsurance to TMNF in respect of the entirety of the Legacy Portfolio. In accordance with the terms of the LPT, NICO has also appointed its UK/US affiliates, Resolute Management Inc. ("**RMI**") and Resolute Management Services Limited ("**RMSL**") to conduct the day-to-day claims administration with respect to the London Branch Business on behalf of TMNF. The LPT will also be included in the Proposed Transfer and RMI and RMSL will continue to conduct the

¹ Policies in the Legacy Portfolio that were issued by TMNF to cedants located in North Korea; Cuba; Iran; Syria and Venezuela were not relocated to the London Branch. Those policies remain with TMNF in Japan and are not included in the Proposed Transfer. In addition, policies issued to one cedant located in Russia are also excluded from the Scheme and those policies will remain with TMNF in Japan.

administration of claims after the Proposed Transfer takes effect. Therefore, the claims administration process will continue as it is currently conducted following the Proposed Transfer.

2. **PROCESS**

- 2.1 The Proposed Transfer will be effected under provisions contained in Part VII of, and Schedule 12 to, the Act. These provisions permit a business carried on by a company that is authorised to carry out contracts of insurance in the UK to be transferred to another insurance company. The details of such a transfer must be set out in a scheme (the "**Scheme**").
- 2.2 In order for the Scheme to become effective, the High Court of Justice of England and Wales (the "**Court**") must approve the Scheme. TMNF made an application to the Court for approval of the Proposed Transfer by a Claim Form issued on 4 April 2022. The Court hearing is expected to take place on 7 July 2022. The Court will approve the Scheme only if certain legal requirements are satisfied and, if in all the circumstances of the case, the Court considers it appropriate to approve the Scheme. The application to the Court was accompanied by a report on the terms of the Scheme in a form approved by the PRA and made by a person appearing to the PRA to have the skills necessary to make a proper report (the "**Independent Expert's Report**").
- 2.3 Any person who considers that they would be adversely affected by the carrying out of the Scheme is entitled to object (by sending written representations to the solicitors named below and/or the Court or making oral representations to the solicitors named below) or may appear at the time of that hearing in person or by Counsel, as may the PRA and the Financial Conduct Authority. Any person who intends to object orally or in writing or to appear is requested (but not obliged) to notify their objections and the reasons therefore as soon as possible, and preferably before 30 June 2022, to Mayer Brown International LLP (the solicitors acting for TMNF) by: (i) emailing: TMNFPart7Transfers@mayerbrown.com; (ii) by post to Mayer Brown International LLP, 201 Bishopsgate, London, EC2M 3AF; and/or (iii) by telephoning 020 3130 3000, in each case quoting reference 48520/20454/21680074.
- 2.4 Subject to the granting of an order of the Court sanctioning the Scheme, the Scheme is expected to become effective at 11.59 pm on 20 July 2022 (the "**Effective Date**").

3. **SUMMARY OF THE SCHEME**

3.1 **Transfer of the London Branch Business to NRG**

The insurance and reinsurance policies pursuant to which TMNF is the insurer or reinsurer and that make up the London Branch Business will be transferred to NRG in accordance with the Scheme on the Effective Date. NRG will become the insurer or reinsurer under each transferring insurance and reinsurance policy for which TMNF is currently the insurer or reinsurer.

The transfer will not affect the terms and conditions of the transferring policies other than as necessary to replace references to TMNF with NRG. Following the transfer, policyholders will be entitled to the same rights against NRG as they had against TMNF.

3.2 Transfer of the LPT Agreement

The Scheme will also transfer the LPT Agreement, and any other reinsurance contracts protecting the London Branch Business, which will continue in force with the substitution of NRG in place of TMNF, as the reinsured party, on the terms that applied before the Scheme took effect. The rights and obligations of the reinsurers, as reinsurer, will remain unchanged but will, following the Scheme, be exercisable against or owed to NRG for the benefit of the Legacy Portfolio.

3.3 Continuity of Proceedings

From the Effective Date any rights which a policyholder had against the TMNF under their policy or any other agreements relating to the Legacy Portfolio shall have those same rights but against NRG and any proceedings which are pending, current or contemplated by or against TMNF in respect of the transferring business will be continued or (as the case may be) commenced by or against NRG.

3.4 Premiums, Mandates and other Instructions

All premiums, mandates and other instructions such as direct debits and standing orders payable to TMNF will be payable from the Effective Date to NRG. No further action is required from policyholders in order to effect this.

3.5 Excluded Policies

The Court has a discretion to determine, for any reason, that a specific policy or policies should not be transferred by virtue of the Scheme. However, TMNF has no reason to believe that the Court will exclude any policy or policies from the Proposed Transfer.

3.6 Effective Date

The Scheme shall become operative on 20 July 2022 or on the date that is specified within the relevant court order that will be made available on the TMNF scheme webpage. Should the Scheme not become effective on 20 July 2022 or on any other date that the court may order then the Scheme will lapse.

3.7 Personal Data

Any rights, liabilities and obligations that were applicable to TMNF with regards to the personal data of policyholders shall apply in the same way to NRG.

3.8 Modifications or Additions

TMNF and NRG can agree, on behalf of all persons concerned, modifications or additions to the Scheme provided they seek the approval of the Court. Approval of the Court is not required for some modifications or additions if agreed in writing between TMNF and NRG if these are, for example, minor and/or technical amendments or which are necessary to comply with an applicable law, rule or regulation.

3.9 Successors and Assigns

The Scheme will still bind any successors or assignees of TMNF or NRG.

3.10 **Governing Law**

The scheme document will be governed and construed in accordance with English law.

4. **COPIES OF DOCUMENTS RELATING TO THE PROPOSAL**

- 4.1 Copies of (i) the Independent Expert's Report; (ii) a summary of the Independent Expert Report; (iii) a Frequently Asked Questions document relating to the Proposed Transfer; (iv) the scheme document; and (v) this summary document are available on the following webpage: https://www.tokiomarine-nichido.co.jp/en/news/2204_uk.html and will also be provided, free of charge, upon request by Mayer Brown International LLP solicitors for TMNF, whose details are given in section 2.3 of this document.