

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

Frequently Asked Questions

1. WHAT'S HAPPENING AND WHY?

1.1 What are the proposed changes?

Tokio Marine & Nichido Fire Insurance Co., Ltd. ("**TMNF**") is proposing to transfer the entire business of its London Branch (the "**London Branch**") to NRG Victory Reinsurance Limited ("**NRG**"). The terms of the proposed transfer are set out in a scheme (the "**Scheme**"), a copy of which is available on https://www.tokiomarine-nichido.co.jp/en/news/2204_uk.html.

When will the scheme happen?

If approved by the High Court of Justice of England and Wales (the "**Court**"), the Scheme is scheduled to take effect on the "**Effective Date**". It is expected that this will be 20 July 2022.

1.2 Which policies are transferring?

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 "**Merger**").

TMNF's legacy portfolio of business is comprised of all classes of non-life, marine and non-marine international reinsurance business written directly in Tokyo Japan by: (i) the former International Reinsurance Department of TMF¹; and (ii) the former Reinsurance Department and Marine Department of NFM, prior to the Merger, which excludes any aviation business unless incidentally written (the "**Legacy Portfolio**"). The Legacy Portfolio has been managed by the Global Division, Commercial Lines Marketing Department of TMNF since 2006²; prior to that it was managed by the International Department of TMNF. The Legacy Portfolio does not include any business written by or through any overseas subsidiaries, branches or underwriting agents of TMF and/or NFM.

On 31 December 2014, TMNF entered into a loss portfolio transfer agreement (the "**LPT Agreement**") with National Indemnity Company ("**NICO**"), pursuant to which NICO agreed to provide reinsurance cover in respect of the Legacy Portfolio. In addition, in accordance with the terms of the LPT Agreement, NICO's affiliates, Resolute Management Inc. ("**RMI**") and Resolute Management Services Limited ("**RMSL**") have been conducting the day-to-day claims administration for the Legacy Portfolio on behalf of TMNF for a number of years.

On 1 March 2021, TMNF opened the London Branch and the Legacy Portfolio was relocated to the London Branch with effect from 1 March 2021, with the exception of a limited number of policies that remain with TMNF in Japan³ (the "**London Branch Business**").

¹ This Department of TMF was also known as: (i) the Foreign Department (prior to 1968); (ii) the Overseas Department (1968-1977); (iii) the International Reinsurance Department (1977-1996); (iv) the Reinsurance Division of Overseas Management Department (1996-1997); (v) the Reinsurance Division of International Department (1997-2001); (vi) the International Department (2001-2004).

² This Division was renamed the International Business Development Department of TMNF with effect from 1 April 2022.

³ Policies issued by TMNF to cedants located in North Korea; Cuba; Iran; Syria and Venezuela were not transferred to the London Branch. Those policies remain with TMNF in Japan and are not included in the Scheme. In addition, policies issued to one cedant located in Russia are also excluded from the Scheme and will remain with TMNF in Japan.

Under the Scheme, the London Branch Business is now being transferred to NRG. The LPT Agreement will also be transferred to NRG and as such, there will be no change in the day-to-day administration of the business following the transfer.

1.3 Why is TMNF London Branch doing this?

TMNF no longer writes any international commercial reinsurance business and therefore, the London Branch Business does not align with its long-term business plan.

2. MORE ABOUT NRG

2.1 What type of company is NRG?

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 part of the Berkshire Hathaway group of companies. It is authorised by the Prudential Regulation Authority ("PRA") to carry out contracts of insurance and reinsurance in the UK and is regulated by both the PRA and the Financial Conduct Authority (the "FCA").

3. WILL THERE BE ANY CHANGES TO MY POLICY/REINSURANCE CONTRACT?

3.1 What is the effect of the Scheme on my policy/reinsurance contract?

If you are a policyholder or cedant, the Scheme will have no effect on:

- (a) the terms and conditions of your cover;
- (b) the amount of your premium;
- (c) the duration of your policy/policies; or
- (d) any claim which you have made (or may make) under your policy/policies.

The Scheme will transfer TMNF's rights and obligations under the transferring policies to NRG without alteration.

If you hold a policy that forms part of the London Branch Business you will, from the Effective Date, become entitled, to the exclusion of any rights which you may have had against TMNF, to the same rights against NRG.

3.2 How do I make a claim under my insurance policy or reinsurance contract?

Resolute Management Inc. ("RMI") and Resolute Management Services Limited ("RMSL") currently conduct the day-to-day claims administration with respect to the London Branch Business on behalf of TMNF. Following the scheme, RMI and RMSL will continue to conduct the administration of claims on behalf of NRG. Therefore, there will not be any change to the claims administration process following the proposed transfer.

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

If the Court approves the Scheme, the Scheme will transfer all of the London Branch Business from TMNF to NRG. TMNF has obtained a legal opinion from a US law firm, which in summary states that there are good grounds to support the view that the Court's order approving the Scheme will be recognised in the US. Therefore, if you are a US-based policyholder, the Scheme will apply in respect

of your policy in the same way as for other policyholders. Please see question 3.1 for an explanation of the effect of the Scheme.

4. OTHER QUESTIONS

4.1 What impact will the Scheme have on any relevant outwards reinsurance agreements?

The contracts transferring under the Scheme include certain outwards reinsurance contracts which protect the transferring business. These contracts 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 reinsurers will remain unchanged but will, following the Scheme, be exercisable against or owed to NRG instead of TMNF. In particular the LPT Agreement referred to above will transfer as part of the Scheme.

5. MORE ABOUT THE SCHEME PROCESS

5.1 What is the Scheme?

The Scheme is a process under Part VII of the Financial Services and Markets Act 2000 that enables insurance policies to be transferred between two insurers. A scheme under this statutory process must be approved by the Court before it can take effect. The applicable legislation requires the insurance companies participating in the Scheme to appoint an **"Independent Expert"**, approved by the PRA. The Independent Expert considers the impact of the proposed Scheme on the various groups of affected policyholders and submits a report to the Court. Any person, including policyholders, may make representations to the Court if they consider that they would be adversely affected by the Scheme.

5.2 Is there an opportunity to vote on the proposed Scheme?

No. For a Part VII transfer process, there is no vote on the proposals. However, if you consider that you may be adversely affected by the Scheme, then you may make representations to the Court. See questions 5.4 to 5.6 below for more information on how to do this.

5.3 When and where will the Court hearing take place?

The Court hearing will be at the High Court of Justice of England and Wales ("**High Court**"), 7 Rolls Building, Fetter Lane, London EC4A 1NL on 7 July 2022.

The TMNF webpage (https://www.tokiomarine-nichido.co.jp/en/news/2204_uk.html) will be updated to include details of the proposed hearing time and of any changes to the proposed hearing time or date. You will be able to check on the TMNF webpage (https://www.tokiomarine-nichido.co.jp/en/news/2204_uk.html) or by calling Mayer Brown International LLP (the solicitors acting for TMNF) on 020 3130 3000 or contacting them by email (TMNFPart7Transfers@mayerbrown.com) after this date for information about the outcome of the hearing.

5.4 What will happen at the Court hearing?

The Court will consider whether it is appropriate to allow the Scheme to proceed, having regard to all the circumstances. The judge will review the witness statements and evidence provided by TMNF and NRG, and consider the reports of the Independent Expert and the PRA and Financial Conduct Authority ("**FCA**"). Time will be allocated to hear any representations made (whether in writing, by telephone or in person) by any person who believes that they would be adversely affected by the Scheme. The judge must decide whether or not it is appropriate to approve the Scheme, taking all of the evidence into account. If the judge decides to approve the Scheme, then a Court Order is made which means the Scheme will come into effect at a time specified in the Court Order.

5.5 Can I make representations to the Court?

If you believe that you would be adversely affected by the Scheme, you have the right to make written representations to the Court and/or appear at the Court hearing in person. You may also choose to appoint legal counsel to attend the Court hearing on your behalf.

While you are not required to inform anyone in advance, if you do intend to make representations (either in writing or by telephone) and/or appear at the hearing (either in person or using legal representation), we would encourage you to please call Mayer Brown International LLP (the solicitors acting for TMNF) on +44 20 3130 3000 or to write to us at Mayer Brown International LLP, 201 Bishopsgate, London, EC2M 3AF or by email to: TMNFPart7Transfers@mayerbrown.com, in each case quoting the reference 48520/20454/21680074.

Any representations relating to the Scheme that are notified to us will be shared with the Regulators and the Independent Expert, and included in the information supplied to the Court.

5.6 What do you mean by ‘adversely affected’?

Any types of effect on policyholders and other relevant persons may be taken into account by the Court. For example, this might include the financial security of the companies involved, or changes to the claims handling and administration of the transferred policies.

The Independent Expert has considered whether the proposed transfer will give rise to any adverse changes for policyholders and has concluded in his report that the Scheme will not have a material adverse impact on the policyholders.

5.7 What happens if the Court does not approve the Scheme?

If the proposed Scheme is not approved by the Court, your policy will remain with TMNF. If the Scheme is delayed for any reason then we will inform policyholders of this via the TMNF webpage. If there is expected to be a protracted delay, or if the Scheme is not approved by the Court, we will also inform policyholders of this via the TMNF webpage.

6. MORE ABOUT THE INDEPENDENT EXPERT

6.1 Who is the Independent Expert?

The Independent Expert is Christopher Clarke, a principal and actuarial consultant at Milliman LLP, an international firm which provides actuarial and related products and services.

6.2 What is his role?

Mr Clarke has been appointed to report his opinion on the likely effect of the proposed Scheme on policyholders. His report is impartial, based on a thorough scrutiny of the proposed Scheme and the businesses of TMNF and NRG, both of which have provided him with access to important private and public information relating to their business.

6.3 How do I know he is independent?

The Independent Expert’s appointment has been approved by the PRA (following consultation with the FCA), and independence is one of the criteria that was used to assess his suitability. Mr Clarke’s overriding duty of responsibility is to the Court, and not to TMNF or NRG. His report must be impartial. We have included a summary of his report within the document titled “Summary of the Scheme and the Independent Expert Report”, but you can download a full copy of his report from the TMNF webpage

(https://www.tokiomarine-nichido.co.jp/en/news/2204_uk.html). If you would like a paper copy sent to you then please contact Mayer Brown International LLP (contact details set out at section 5.5 above).

7. WHAT HAPPENS NEXT?

7.1 Where can I find out more?

We hope that the information we have provided has helped you to understand the proposed Scheme. Further information has been published on the TMNF webpage: https://www.tokiomarine-nichido.co.jp/en/news/2204_uk.html. There you can download a full version of the document setting out the terms of the Scheme (known as the "**Scheme Document**") and the full report of the Independent Expert.

We will also publish on the TMNF webpage copies of any supplementary reports that the Independent Expert writes before the Court hearing date.

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

We will announce the outcome of the Court process on the TMNF webpage (https://www.tokiomarine-nichido.co.jp/en/news/2204_uk.html) following the Court hearing due on 7 July 2022. Any changes or information on the progress of the Scheme will be announced on the TMNF webpage (https://www.tokiomarine-nichido.co.jp/en/news/2204_uk.html). You should check this webpage for any changes or updates.

If the application is successful then the Scheme should take place on the Effective Date.