

# **Transfer to Catalina Worthing Insurance Limited**

Your questions about the  
transfer of policies answered

# Contents

## **1. Your Questions Answered**

Section 1 General Overview.....	1
Section 2 More about the AGF, CLL and CWIL.....	2
Section 3 More about the Process.....	3
Section 4 More about the Independent Expert.....	5
Section 5 Will there be any changes to my policy?.....	6
Section 6 Final Comments.....	7

## **2. Glossary**

## **3. Summary of the Scheme and the Independent Expert's Report (enclosed)**

## **4. Legal Notice (enclosed)**

# Your Questions Answered

## Section 1

### General Overview

#### 1.1 What are the proposed changes?

It is proposed that at **23:59 GMT on 30 November 2022** each of AGF Insurance Limited (**AGF**) and Catalina London Limited (**CLL**) (the **Transferors**) will transfer the entirety of the general insurance and reinsurance business (the **Transferring Business**) it has written and/or assumed to Catalina Worthing Insurance Limited (**CWIL**) (the **Proposed Transfer**).

This process is known as a Part VII transfer and is effected by means of a **Scheme**.

This question and answer booklet is intended to provide further information to you in relation to the Proposed Transfer. Should you need any additional information or if you have any questions or concerns about the Proposed Transfer or consider that you may be adversely affected please contact us using the details set out in Section 3 below.

Please refer to the defined terms in the Glossary at the end of this Booklet.

#### 1.2 When will the Proposed Transfer happen?

If approved by the High Court of Justice of England and Wales (the **Court**), the Proposed Transfer is scheduled to take effect on the **Effective Date**. It is expected that this will be **23:59 GMT on 30 November 2022**.

Any change to the expected Effective Date will be announced on our website ([www.catalinaworthing.co.uk/PartVII.html](http://www.catalinaworthing.co.uk/PartVII.html)).

#### 1.3 Which policies are transferring?

All of the policies written and/or assumed by the Transferors form part of the Transferring Business and constitute Transferring Policies.

If the Proposed Transfer is approved by the Court then there will be no change to the terms and conditions of any transferring policy. The Transferors' respective rights and obligations under policies comprised in the Transferring Business will be transferred, without alteration, to CWIL.

Any rights or obligations you have under such policies will remain unchanged, but following the Proposed Transfer will be exercisable against or owed to CWIL. Other assets and liabilities of the Transferors in respect of the Transferring Business, such as the benefit of outwards reinsurance arrangements, will also transfer to CWIL.

#### 1.4 Why are AGF and CLL doing this?

The purpose of the Proposed Transfer is to consolidate and simplify the Catalina Group's UK regulated insurance businesses into one insurance company in order to increase operational efficiency, reduce duplication and facilitate the efficient deployment of capital across the Catalina Group's UK operations. This is intended to support both: (i) the management of the run-off of the existing portfolios of the Transferors and CWIL; and (ii) the acquisition and integration of additional portfolios going forwards.

## Section 2

# More about the AGF, CLL and CWIL

### 2.1 Who are AGF, CLL and CWIL?

AGF is a UK-authorized insurer, which has been in run-off since 1998. Prior to that date, it predominantly had underwritten employers' liability and public liability insurance in the United Kingdom. AGF was formerly known as the Employers' Mutual Insurance Association Limited, N.E.M. Insurance Company Limited and NEM Insurance Company Limited. AGF also acquired the business of the National Employers Mutual in 1989.

CLL is a UK-authorized insurer, which has been in run-off since 2005. CLL was formerly known as American Re-Insurance Company (UK) Limited, Aetna Re-Insurance Company (UK) Limited, The Imperial Fire & Marine Re-Insurance Company Limited and Alea London Limited. CLL also acquired the insurance and reinsurance business of KX Reinsurance Company Limited and OX Reinsurance Company Limited on 30 November 2017.

CWIL is a UK-authorized insurer, which has been in run-off since 2012. CWIL was formerly known as Hartford Financial Products International Limited and in 2015 acquired the business of Excess Insurance Company Limited, a portfolio originally written by London & Edinburgh Insurance Company from Aviva Insurance UK Limited and the business written by the London branch of Hartford Fire Insurance Company.

The Transferors and CWIL are each wholly owned subsidiaries of Catalina Holdings UK Limited (**CHUK**) and each is in run-off. CHUK is itself an indirect wholly owned subsidiary of Catalina Holdings Bermuda Limited (**CHBL**). The group headed by CHBL (the **Catalina Group**) is an acquirer of legacy insurance portfolios. The Catalina Group was established in 2007 and as at 31 December 2021 held assets of \$6.66bn, \$1.4bn of shareholder funds and gross liabilities of over \$5.25bn under management.

### 2.2 How will my policy be administered?

There will be no change to the arrangements for policy and claims administration as a result of the Proposed Transfer, save that after the Proposed Transfer these activities will be carried out on behalf of CWIL. Policy and claims administration will continue to be carried out by the same employees of Catalina Services UK Limited or the same outsourced service providers which currently administer policies and claims.

## Section 3

# More about the Process

### 3.1 What is the Proposed Transfer?

The Proposed Transfer is governed by a process under Part VII of the UK Financial Services and Markets Act 2000 that enables groups of insurance and/or reinsurance policies to be moved between two insurers or reinsurers. The insurers involved can either be in the same insurance group (as in this instance) or from different corporate groups.

An application must be approved by the Court before the Proposed Transfer can go ahead.

The applicable regulations require the Transferors and CWIL to appoint an Independent Expert, approved by the Regulators, who looks at the impact of the Proposed Transfer on the various groups of affected policyholders, and submits a report to the Court. Policyholders must be notified and given time to consider the proposals, and they have a right to object or raise concerns if they feel they would be adversely affected.

### 3.2 Where and when will the Court Hearing take place?

The Court Hearing will be at the **High Court of Justice, 7 Rolls Building, Fetter Lane, London, EC4A 1NL, UK on 18 November 2022.**

You will be able to find information about the outcome of the hearing on our website at [www.catalinaworthing.co.uk/PartVII.html](http://www.catalinaworthing.co.uk/PartVII.html) or you can:

- contact us by telephone at +44 1903 836804. When calling the helpline number, please leave a short message stating the nature of your query and your contact details and we will endeavour to return your call within 48 hours (excluding Saturdays, Sundays and public holidays);
- write to us at Part VII Enquiries, Catalina Services UK Limited, 1<sup>st</sup> Floor, 1 Alie Street, London E1 8DE; or
- e-mail us at: [PartVIItransfer@catalinare.com](mailto:PartVIItransfer@catalinare.com).

### 3.3 What will happen at the Court Hearing?

The Court will consider whether the Proposed Transfer adversely affects policyholders and whether it is appropriate to allow the Proposed Transfer.

The judge will review the witness statements and evidence presented by the Transferors and CWIL, and consider the reports of the Independent Expert and the Regulators. Time will be allocated to hear any objections or concerns put forward (whether in writing, by telephone, or in person) by affected policyholders or any other person who believes that they would be adversely affected by the proposals.

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

### **3.4 What can you do if you believe you may be adversely affected?**

If you believe you may be adversely affected as a result of the Proposed Transfer, then you are entitled to object or raise your concerns either in writing or by telephone in advance, or in person at the Court Hearing. You may choose to appoint legal counsel to attend the Court Hearing on your behalf.

Any objections or concerns relating to the Proposed Transfer notified to us by telephone or in writing will be included in the information supplied to the Court.

Should you need any further information or if you have any questions or concerns about the Proposed Transfer or consider that you may be adversely affected then please contact us as soon as possible and preferably no later than **11 November 2022** using the details set out in section 3.2 above.

### **3.5 What do you mean by 'adversely affected'?**

Any types of effect on policyholders may be considered by the Court. This includes changes to the financial security of the companies involved, or changes to the administration of the Transferring Business. If there are some changes for the worse, this does not necessarily mean that the Proposed Transfer is unfair or unreasonable, as they might be outweighed by other benefits, or they might be extremely small, or they may only occur infrequently. The Independent Expert considers the materiality of any adverse changes based on their size or likelihood of occurring and provides the conclusions in the Report.

Please refer to the enclosed summary of the Independent Expert's Report for a summary of the Independent Expert's assessment of the Proposed Transfer.

### **3.6 What will happen if the Court does not approve the Proposed Transfer?**

If the Proposed Transfer is rejected, policies will not transfer from AGF and CLL to CWIL.

If the Proposed Transfer is delayed for any reason then we will inform policyholders of this via our website at [www.catalinaworthing.co.uk/PartVII.html](http://www.catalinaworthing.co.uk/PartVII.html).

### **3.7 Will I be charged extra for any of this?**

No, you will not be asked to bear the costs of the Proposed Transfer. The Transferors and CWIL will meet the costs and fees of carrying out the Proposed Transfer.

## Section 4

# More about the Independent Expert

### **4.1 Who is the Independent Expert?**

The Independent Expert is Mr Stewart Mitchell of Lane, Clark and Peacock LLP.

### **4.2 What's the Independent Expert's role?**

The Independent Expert has been appointed to give their opinion on the likely effect of the proposals on policyholders.

The Independent Expert's Report is impartial, based on thorough scrutiny of the proposals and the businesses of the Transferors and CWIL. The Transferors and CWIL have provided the Independent Expert with access to key staff and information that the Independent Expert has requested, both private and public.

### **4.3 How do I know the Independent Expert 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 they use to assess the Independent Expert's suitability.

Neither the Independent Expert nor any of their immediate family hold any policies, shareholdings or have any other financial interests with any of the Transferors or CWIL or any company within the Catalina Group.

The Independent Expert's overriding duty of responsibility is to the Court, and not the Transferors or CWIL. The Independent Expert's Report must be impartial. We have included a summary of the Report with this pack, but you can download a full copy of the Independent Expert's Report at our website [www.catalinaworthing.co.uk/PartVII.html](http://www.catalinaworthing.co.uk/PartVII.html)). If you would like a paper copy sent to you then please contact us on the details set out at section 3.2 above.

## Section 5

# Will there be any changes to my policy?

### **5.1 Who do I contact after the Proposed Transfer for a query on my policy or to make changes?**

As noted in section 2.3 above, the administration of your policy will not change as a result of the Proposed Transfer and after the Proposed Transfer you should continue to contact your normal contacts.

### **5.2 Are there any changes to the terms and conditions of my policy?**

If the Proposed Transfer is approved by the Court then there will be no change to the terms and conditions of any transferring policy. The Transferors' respective rights and obligations under the Transferring Policies will be transferred, without alteration, to CWIL.

Any rights or obligations you have under such policies will remain unchanged, but following the Proposed Transfer will be exercisable against or owed to CWIL. Valid claims will continue to be paid although the party liable to make payment will be CWIL, rather than the relevant Transferor.

### **5.3 Will employers' liability policies continue to be traceable on ELTO?**

Key policy details relating to all known employers' liability policies written by the Transferors are included on the database held by the Employers' Liability Tracing Office, through which each Transferor's insurance coverage can be traced. The Transferors will continue to be traceable in the same way through this database after the Proposed Transfer.

### **5.4 How will reinsurers and retrocessionaires be affected?**

If approved by the Court, the effect of the Court order is that all rights, benefits and powers conferred on or vested in AGF and/or CLL under reinsurance and retrocessionaire agreements forming part of the Transferring Business (the **Reinsurance Agreements**), as well as all obligations imposed on AGF and/or CLL in respect of the Reinsurance Agreements, will, without further action and insofar as such rights, benefits, powers and obligations relate to the Transferring Business, be transferred to CWIL subject to the terms of the Proposed Transfer as if CWIL had been the party to the relevant Reinsurance Agreement from inception.

There will be no change to the arrangements for policy and claims administration as a result of the Proposed Transfer, including the notification of inwards claims, the claims agreement process and the calculation, cession and collection of reinsurance recoveries.



## Section 6

# Final Comments

### **6.1 I can't find the answer to my question in this booklet. Where can I find out more?**

We hope that the information we have provided has helped you to understand the proposals. The Transferors and CWIL have published further information at our website: [www.catalinaworthing.co.uk/PartVII.html](http://www.catalinaworthing.co.uk/PartVII.html). There you can download a full version of the legal terms of the Proposed Transfer (as set out in the Scheme document), the full Report of the Independent Expert, and the policyholder communications pack. We will also publish on our website copies of the Supplementary Report(s) that the Independent Expert writes before the Court Hearing date.

Alternatively please contact us using the details below and we will send you this information. You can also contact us using the details below if you have any questions or wish to raise concerns or objections related to the Proposed Transfer.

You may:

- contact us by telephone at +44 1903 836804. When calling the helpline number, please leave a short message stating the nature of your query and your contact details and we will endeavour to return your call within 48 hours (excluding Saturdays, Sundays and public holidays);
- write to us at Part VII Enquiries, Catalina Services UK Limited, 1st Floor, 1 Alie Street, London E1 8DE; or
- e-mail us at: [PartVIITransfer@catalinare.com](mailto:PartVIITransfer@catalinare.com).

### **6.2 How will I know if the Proposed Transfer has been approved?**

We will announce the outcome of the Court application at [www.catalinaworthing.co.uk/PartVII.html](http://www.catalinaworthing.co.uk/PartVII.html) following the Court Hearing due on **18 November 2022**. Any changes or information on the progress of the Proposed Transfer will also be announced on this website.

You will be able to find information about the outcome of the hearing on our website or by contacting us using the details in section 6.1 above.

If the application is successful then the Proposed Transfer should take place on the Effective Date (expected to be **23:59 GMT on 30 November 2022**).

# Glossary

**Court** means the High Court of Justice in England and Wales.

**Court Hearing** means the Hearing at the High Court of Justice in England and Wales at which the final decision to approve or disapprove the Scheme is made.

**Effective Date** means **23:59 GMT on 30 November 2022**, the date on which the Scheme is expected to become effective (subject to the approval of the Court). Any change to the date of the Proposed Transfer will be announced on [www.catalinaworthing.co.uk/PartVII.html](http://www.catalinaworthing.co.uk/PartVII.html).

**FCA** means the Financial Conduct Authority which has an objective to protect consumers of financial services, protect and enhance the integrity of the UK financial system and promote effective competition in the interests of consumers.

**FSMA** means the UK Financial Services and Markets Act 2000.

**Independent Expert** means Mr Stewart Mitchell of Lane, Clark and Peacock LLP whose appointment has been approved by the PRA in consultation with the FCA and who is responsible for producing the Report.

**PRA** means the Prudential Regulation Authority which is responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms in the UK.

**Proposed Transfer** means the proposed legal transfer of the Transferring Policies from AGF and CLL to CWIL.

**Regulator(s)** means the applicable regulator(s) of the UK insurance industry. This refers to, as the context requires, the PRA, the FCA or both.

**Report** means the Scheme report produced by the Independent Expert under the requirements of the FSMA, reflecting the guidance provided by SUP 18.2 of the FCA's Handbook, FG22/1: The FCA's Approach to the review of Part VII insurance business transfers published in February 2022 and the Statement of Policy 'The PRA's approach to insurance business transfers' published by the PRA in January 2022.

**Supplementary Report** means a report, produced in advance of the Court Hearing, to consider the impact on the Independent Expert's conclusions of events that have happened subsequent to the issue of the initial Report.

**Transferring Policies** means the AGF and CLL policies transferring to CWIL under the Scheme.