

**IN THE ROYAL COURT OF THE ISLAND OF JERSEY**

(Samedi Division)

**IN THE MATTER OF THE REPRESENTATION OF**

**STERLING INSURANCE COMPANY LIMITED**

- and -

**COVEA INSURANCE PLC**

**AND IN THE MATTER OF AN APPLICATION PURSUANT TO ARTICLE 27 OF AND  
SCHEDULE 2 TO THE INSURANCE BUSINESS (JERSEY) LAW 1996**

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**SCHEME**

**(pursuant to Article 27 of and Schedule 2 to the Insurance Business (Jersey) Law 1996  
for the transfer the general insurance business of (1) Sterling Insurance Company  
Limited to (2) Covea Insurance plc**

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## 1. Interpretation

### Definitions

- 1.1 In this scheme (the **Jersey Scheme**), unless inconsistent with the subject or context, the following expressions bear the meanings respectively set opposite them:

**Jersey Business** means the general insurance and reinsurance business of the Transferor carried on in or from within Jersey including, without prejudice to the generality of the foregoing, any outwards reinsurance arrangements entered into by the Transferor, any proposals for general insurance or reinsurance not yet accepted as at the Jersey Effective Date and all activities carried on in connection with or for the purposes of such business;

**Jersey Effective Date** means the time and date ascribed to it in paragraph 4.1 of this Jersey Scheme;

**Jersey Law** means the Insurance Business (Jersey) Law 1996;

**Jersey Loan Agreements** means any agreements between the Transferor as lender and any other person which are outstanding at the Jersey Effective Date;

**Jersey Order** means an order made by the Royal Court pursuant to Article 27 of and Schedule 2 to the Jersey Law sanctioning this Jersey Scheme and any order (including any subsequent order, which is ancillary thereto) in relation to this Jersey Scheme made by the Royal Court pursuant to Schedule 2 to the Jersey Law;

**Jersey Policy** means a Transferring Policy which was effected or carried out as part of insurance business carried on in, or from within, Jersey and in respect of which any liability remains unsatisfied or outstanding at the Jersey Effective Date and which the Royal Court has jurisdiction to transfer pursuant to the Jersey Law;

**Jersey Reinsurance Policy** means any reinsurance policy under which the Transferor is reinsured in respect of a Policy forming part of the Jersey Business;

**Jersey Security** means any form of security of which the Transferor has the benefit at the Effective Date to the extent to which it provides security for rights or claims of the Transferor forming part of the Transferring Jersey Business including for the avoidance of doubt any security provided for the payment of any sums due under any Jersey Loan Agreements;

**Jersey Third Party Contracts** means all contracts, arrangements, licences and other commitments in force at the Jersey Effective Date to the extent, in each case, that they relate to the Transferring Jersey Business which have been entered into by or for the benefit of the Transferor, or the benefit of which is held on trust for or has been assigned or subcontracted to the Transferor (including any Jersey Loan Agreements, Jersey TOBAs, any service agreements, any distribution agreements (of any kind), agency agreements, software agreements, hardware agreements, investment agreements and third party administrator agreements) and which remain to be performed in whole or in part at the Jersey Effective Date;

**Jersey TOBAs** means the broker terms of business entered into by the Transferor in the course of the Jersey Business;

**Related Jersey Policy** means any Policy forming part of the Jersey Business to the extent that it provides cover in respect of a Residual Jersey Policy;

**Related Jersey Reinsurance** means any Jersey Reinsurance Policy to the extent that it provides cover in respect of a Residual Jersey Policy;

**Remaining Jersey Business** means a Residual Jersey Policy, Residual Jersey Reinsurance, a Related Jersey Policy or Related Jersey Reinsurance;

**Residual Jersey Policy** means any Policy forming part of the Jersey Business that is not or is not capable of being transferred to the Transferee on the Jersey Effective Date pursuant to Article 27 of, and Schedule 2 to, the Jersey Law or to the extent that and for so long as this Jersey Scheme has not yet received the requisite approval of the Royal Court and become effective in accordance with its terms;

**Residual Jersey Reinsurance** means any Jersey Reinsurance Policy which is not or is not capable of being transferred to the Transferee on the Jersey Effective Date pursuant to Article 27 of, and Schedule 2 to, the Jersey Law or to the extent that and for so long as this Jersey Scheme has not yet received the requisite approval of the Royal Court and become effective in accordance with its terms;

**Royal Court** means the Royal Court of Jersey;

**Subsequent Jersey Transfer Date** means:

- (a) in the case of a Residual Jersey Policy or a Residual Jersey Reinsurance, the date on which the Transferor's rights and liabilities under such Residual Jersey Policy or Residual Jersey Reinsurance are transferred to the Transferee whether by means of novation or as a result of any necessary consent or waiver being obtained or the making of a court order dispensing with such consent or waiver or otherwise; and
- (b) in the case of a Related Jersey Policy or Related Jersey Reinsurance to the extent that rights and liabilities under such policy or reinsurance are retained by the Transferor, the Subsequent Jersey Transfer Date for the relevant Residual Jersey Reinsurance or the relevant Residual Jersey Policy or, if earlier, and in the case of a Related Jersey Policy only, the date on which the relevant Residual Jersey Reinsurance is commuted;

**Transferee** means Covea Insurance plc a company incorporated in England and Wales with registered number 00613259 and whose registered office is at Norman Place, Reading, Berkshire, RG1 8DA;

**Transferor** means Sterling Insurance Company Limited, a company incorporated in England and Wales with registered number 00498605 and whose registered office is at 50 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4JX;

**Transferring Jersey Business** means the Jersey Business and the assets and liabilities attributable to the Jersey Business including:

- (a) rights, claims and liabilities arising under or by virtue of or in connection with the Transferring Jersey Policies or the Transferring Jersey Reinsurance;
- (b) rights, claims and liabilities arising under or by virtue of or in connection with any Jersey Third Party Contracts;
- (c) all assets (including property, investments, cash and intellectual property rights) owned by the Transferor in connection with the Jersey Business;
- (d) the Transferring Jersey Records;
- (e) the benefit of the Jersey Security; and
- (f) any rights, claims or any causes of action (including any rights of recovery of assets) of which the Transferor has the benefit on or before the Jersey Effective Date.

For the avoidance of doubt, mis-selling liabilities solely attributable to the general insurance element (and not to any life insurance element) of any Transferring Jersey Policies shall transfer under this Scheme.

**Transferring Jersey Policy** means any Jersey Policy or part of a Jersey Policy (in either case being a Jersey Policy that is not a Residual Jersey Policy) forming part of the Jersey Business under which any liability or contingent liability remains unsatisfied or outstanding at the Effective Date, including:

- (a) all proposals for insurance received by the Transferor before the Jersey Effective Date which have not become Jersey Policies in force by the Jersey Effective Date but which subsequently become Jersey Policies; and
- (b) any Jersey Policy written by the Transferor that has lapsed on or before the Jersey Effective Date and which is reinstated by the Transferee after the Jersey Effective Date;

**Transferring Jersey Records** means all documents, files, books and other records (held in whatever medium) referable to the Jersey Business in the possession or control of the Transferor up to the Jersey Effective Date including (but not limited to) any books and records relating to underwriting and outstanding claims in respect of the Jersey Business; and all accounting and financial records in respect of the Jersey Business;

**Transferring Jersey Reinsurance** means any Jersey Reinsurance Policy or part of a Jersey Reinsurance Policy that is not a Residual Jersey Reinsurance; and

**UK Scheme** means the insurance business transfer scheme pursuant to Part VII of the Financial Services and Markets Act 2000 for, *inter alia*, the transfer of the general insurance business of the Transferor to the Transferee, a copy of which is contained in the Schedule to this Jersey Scheme, as it may be varied or amended from time to time in accordance with its terms.

- 1.2 Other words and expressions used as defined terms shall bear the meanings given to them in the UK Scheme.
- 1.3 Subject to paragraph 1.2 above and except where the context requires otherwise, words and expressions used in the Jersey Law or in any regulations made under it shall have the same meanings in this Jersey Scheme.

#### **Headings**

- 1.4 Headings in this Jersey Scheme are inserted for convenience only and shall not affect its construction.

#### **References**

- 1.5 Any reference in this Jersey Scheme to "the incorporated terms of the UK Scheme" shall be read to mean "the same terms as the terms of the UK Scheme as incorporated into this Jersey Scheme" in accordance with section 3 of this Jersey Scheme.
- 1.6 Any reference in this Jersey Scheme to an enactment, statutory provision or regulations shall be deemed to include a reference to the enactment or statutory provision or those regulations as from time to time amended, consolidated, modified, replaced or re-enacted by any statute or statutory provision.
- 1.7 Any reference to the singular includes a reference to the plural and vice versa. Any reference to he, she or it includes the others.
- 1.8 Any reference to a time of day is a reference, unless otherwise expressly specified, to London time.

1.9 Any reference to this Jersey Scheme shall include the Schedule hereto.

## **2. Introduction**

2.1 The Transferor has carried on general insurance business in the UK and in or from within Jersey.

2.2 The Transferor and the Transferee each hold a Category A permit to conduct insurance business under the Jersey Law.

2.3 It is proposed that, by Order of the Royal Court in accordance with Article 27 of, and Schedule 2 to, the Jersey Law, the Transferring Jersey Business shall be transferred to the Transferee on the Jersey Effective Date on the same terms as the terms of the UK Scheme governing the transfer of the Transferring Business to the Transferee and as if the Transferring Jersey Business were part of the Transferring Business as defined in the UK Scheme.

2.4 The UK Scheme has the effect that:

(a) if the transfer of any Transferring Jersey Policies is sanctioned by the Royal Court pursuant to this Jersey Scheme with effect from the Jersey Effective Date, such policies shall be treated for all purposes of the UK Scheme as if they were Transferring Policies of the Transferor with effect from the Effective Date and, to the extent necessary to comply with Part VII of the Financial Services and Markets Act 2000, shall also be transferred pursuant to the terms of the UK Scheme; and

(b) if the Royal Court does not sanction the transfer of any Transferring Jersey Policies pursuant to this Jersey Scheme, despite having the jurisdiction to do so, or if this Jersey Scheme is sanctioned by the Royal Court but the transfer of any Transferring Jersey Policies does not become effective by the Jersey Effective Date, then such policies shall, with effect from the Jersey Effective Date, be deemed to be Residual Policies under the UK Scheme and shall be indemnified by the Transferee as Residual Policies as provided for under the terms of the UK Scheme. Such policies shall cease to be Residual Policies under the UK Scheme, and shall cease to be so reinsured to the Transferee, on the relevant Subsequent Jersey Transfer Date.

2.5 Each of the Transferor and the Transferee have agreed to appear by Counsel at the hearing of the Representation to sanction this Jersey Scheme and undertake to be bound thereby and to execute all such documents and to do all such acts and things as may be necessary or expedient to be executed or done by it for the purposes of giving effect to this Jersey Scheme.

## **3. Incorporation of the UK Scheme**

3.1 Save as otherwise set out in this Jersey Scheme, the terms of:

(a) Section 3 (*Transfer of the Transferring Business*) (other than paragraph 3.2 and 3.9);

(b) Section 4 (*Transfer of Residual Policies and Residual Reinsurances*);

(c) Section 5 (*Indemnity*);

(d) Section 6 (*Legal Proceedings and Continuity*);

(e) Section 7 (*Premiums, Mandates etc*); and

(f) Section 9 (*Further Assurance*);

of the UK Scheme shall be deemed to be part of this Jersey Scheme as if reproduced herein *mutatis mutandis*. For this purpose, the following definitions of the UK Scheme shall be read and construed as follows:

- (i) Business shall be read as Jersey Business;
- (ii) High Court shall be read as the Royal Court;
- (iii) Effective Date shall be read as the Jersey Effective Date;
- (iv) Order shall be read as Jersey Order;
- (v) Loan Agreements shall be read as Jersey Loan Agreements;
- (vi) Policy shall be read as Jersey Policy;
- (vii) Reinsurance Policy shall be read as Jersey Reinsurance Policy;
- (viii) Related Policy shall be read as Related Jersey Policy;
- (ix) Related Reinsurance shall be read as Related Jersey Reinsurance;
- (x) Remaining Business shall be read as Remaining Jersey Business;
- (xi) Residual Policy shall be read as Residual Jersey Policy;
- (xii) Residual Reinsurance shall be read as Residual Jersey Reinsurance;
- (xiii) Scheme shall be read as Jersey Scheme;
- (xiv) Security shall be read as Jersey Security;
- (xv) Subsequent Transfer Date shall be read as Subsequent Jersey Transfer Date;
- (xvi) Third Party Contracts shall be read as Jersey Third Party Contracts;
- (xvii) TOBAs shall be read as Jersey TOBAs;
- (xviii) Transferor shall be read as defined herein;
- (xix) Transferee shall be read as defined herein;
- (xx) Transferring Business shall be read as Transferring Jersey Business;
- (xxi) Transferring Policies shall be read as Transferring Jersey Policies;
- (xxii) Transferring Records shall be read as Transferring Jersey Records; and
- (xxiii) Transferring Reinsurance shall be read as Transferring Jersey Reinsurance.

3.2 This Jersey Scheme is ancillary to the UK Scheme and is intended to transfer business carried on in or from within the Jersey and assets and liabilities relating to such business that would not otherwise transfer under the UK Scheme. Nothing in this Jersey Scheme is intended to operate, or shall operate, so as to prevent or conflict with any transfer provided for by the UK Scheme.

**4. Jersey Effective Date**

4.1 This Jersey Scheme shall become effective, and the Jersey Effective Date shall occur simultaneously with the last of the following two conditions being met, namely,

- (a) the Order by the Royal Court sanctioning this Jersey Scheme being made; and
- (b) the UK Scheme in relation to the Transferring Business of the Transferor becoming effective in accordance with its terms.

4.2 Unless the Jersey Effective Date has occurred on or before 31 March 2016 or such later date, if any, as the Royal Court may allow on application of each of the Transferor and Transferee, this Jersey Scheme shall lapse.

**5. Modification of this Jersey Scheme**

5.1 The Transferee may, with the consent of the Transferor and the Jersey Financial Services Commission, agree on behalf of all persons concerned to any modification of or addition to this Jersey Scheme except the Schedule to this Jersey Scheme (any modifications or additions to which shall be governed by the terms of the UK Scheme) or to any further condition or provision affecting the same that the Royal Court may approve or impose, provided that any modification to the substance of the Jersey Scheme may only be made with the consent of the Jersey Financial Services Commission. For the avoidance of doubt, the consent of the Transferor shall not be required following any dissolution of the Transferor and following the Effective Date.

**6. Governing Law**

This Jersey Scheme shall be governed by and construed in accordance with Jersey law.

**SCHEDULE**

**UK Scheme**