

**Swiss Reinsurance Company Ltd, Australia Branch
(ABN 43 007 479 941)**

and

**Swiss Re Asia Pte. Ltd., Australia Branch
(ARBN 631 490 447)**

**Summary of a scheme under Division 3A of Part III of the Insurance Act 1973
(Cth) for the transfer of the insurance and reinsurance business in Australia
of Swiss Reinsurance Company Ltd, Australia Branch to Swiss Re Asia Pte.
Ltd., Australia Branch**

Introduction

1. This is a scheme under Part III, Division 3A of the *Insurance Act 1973* (Cth) (the **Insurance Act**) for the transfer of the insurance and reinsurance business of the Australian branch of Swiss Reinsurance Company Ltd (ABN 43 007 479 941) (**SRAU**) (**Insurance Business**) to Swiss Re Asia Pte. Ltd. (**SRAL**) acting through its Australian Branch (ARBN 631 490 447) (**SRALAU**) (the **Scheme**).
2. Subject to confirmation of the Scheme by the Federal Court of Australia and to any modifications ordered by the Federal Court of Australia, it is proposed to effect the transfer of the Insurance Business (including all inwards reinsurance contracts and insurance contracts underwritten by SRAU (**Reinsurance Contracts**)) under the Scheme on the terms and conditions summarised in this Summary.
3. Upon confirmation of the Scheme by the Federal Court of Australia, the Scheme becomes binding on all persons.
4. An actuarial review has been prepared by Evelyn Chow, the Appointed Actuary of SRAU (**Appointed Actuary**), in connection with the Scheme (the **Actuarial Report**). The Actuarial Report is summarised in paragraphs 14 and 15. A peer review of the Actuarial Report was undertaken by Andrew McInerney FIAA (**Peer Review Actuary**) of Finity Consulting. Mr McInerney's report (the **Peer Review Report**) is summarised at paragraphs 16 and 17.
5. SRALAU and SRAU have agreed the terms of a Business Transfer Agreement to give effect to the transfer of the Insurance Business to SRALAU (the **Business Transfer Agreement**). The material terms of the Business Transfer Agreement are summarised in paragraph 13. The Business Transfer Agreement will not take effect until such time, if any, as certain regulatory approvals are obtained and the Scheme is confirmed by the Federal Court of Australia.

The parties

6. SRAL is a company incorporated in Switzerland on 13 September 1919 and was re-domiciled from Switzerland to Singapore and registered as a company in Singapore on 31 December 2017. SRAL registered a branch in Australia on 5 June 2019. On 12 August 2019, the Australian branch of SRAL was authorised under the Insurance Act to carry on reinsurance/insurance business in Australia. SRALAU can be contacted at:

Level 36
Tower Two, International Towers Sydney
200 Barangaroo Ave
Sydney NSW 2000
Tel: (02) 8295 9500

7. Swiss Reinsurance Company Ltd is a company incorporated in Switzerland. Its Australia branch was registered in 1956 and is authorised under the Insurance Act to carry on reinsurance/insurance business in Australia and has been carrying on such business in Australia since 1956. SRAU can be contacted at:

Level 36
Tower Two, International Towers Sydney
200 Barangaroo Ave
Sydney NSW 2000
Tel: (02) 8295 9500

8. Both SRALAU and SRAU are regulated by the Australian Prudential Regulation Authority (**APRA**).

Court Application and Right to Appear

9. An application for confirmation of the Scheme will be made to the Federal Court of Australia in Sydney on 24 October 2019 at 10.15am, or on such later date as the Court appoints. Any policyholder under a Reinsurance Contract affected by the Scheme may request to be heard by the Court on the application. You have the right to attend the Court on the application for confirmation.
10. Any policyholder under a Reinsurance Contract affected by the Scheme may request to be heard by the Court on the application. You have the right to attend the Court on the application for confirmation.
11. If you wish to appear at the hearing, it would assist if you could first contact the solicitor for SRAU, Mr Dean Carrigan of Clyde & Co, Level 15, 333 George Street, Sydney NSW 2000 by telephone on (02) 9210 4400 or dean.carrigan@clydeco.com at least three days before the hearing date.

Details of the Scheme

12. Subject to the Scheme being confirmed by the Federal Court of Australia, the Insurance Business will be transferred to SRALAU under the Scheme on 1 January 2020 at 0001 (Sydney time) or another date agreed between the parties and approved by the Federal Court of Australia.
13. Under the Scheme and Business Transfer Agreement:
- (a) The Scheme will take effect from 1 January 2020 at 0001 hours (Sydney time), or at such other time and on such other date as the parties may agree upon and the Federal Court of Australia may allow or such other date as the Federal Court of Australia shall stipulate (**Effective Date**);
 - (b) SRALAU agrees to assume and keep SRAU indemnified against all future claims, losses, liabilities, costs and expenses that might arise in connection with the Reinsurance Contracts (**Insurance Liabilities**);

- (c) The liabilities and obligations of SRAU arising in conducting activities which support its Insurance Business (***Business Liabilities***) will be assumed by SRALAU and these liabilities will cease to be liabilities of SRAU;
- (d) The assets used by SRAU for the purposes of conducting the Insurance Business (***Insurance Assets***) and the assets used by SRAU for the purposes of conducting activities which support its Insurance Business (***Business Assets***) will be transferred to SRALAU;
- (e) The consideration payable by SRALAU to SRAU for the transfer of the Insurance Business shall be the net asset value of the Insurance Business of SRAU (excluding an amount of \$5.1million to be retained by SRAU after the Effective Date) as at the date falling one day before the Effective Date (***Transfer Value***); and
- (f) The Transfer Value will be payable by SRALAU to SRAU by way of a payment of an initial transfer value on the Effective Date (***Initial Transfer Value***) and any difference between the Transfer Value and the Initial Transfer Value calculated on a date which is four (4) months of the Effective Date or such later date as may be agreed between the parties (***Adjustment Amount***).

Actuarial Report

- 14. The Actuarial Report considers whether the interests of Australian and overseas policyholders of SRAU will be adversely affected after the Scheme is implemented.
- 15. After taking into account a number of considerations and APRA's capital requirements, the Appointed Actuary has concluded that upon the implementation of the Scheme and the Business Transfer Agreement, the interests of the Australian and overseas policyholders of SRAU will not be adversely affected for the following reasons:
 - (a) Projected financial and capital solvency positions – These will be almost identical for SRALAU following the transfer on 1 January 2020 and those for SRAU on 31 December 2019.
 - (b) Management, governance and operational structures - SRALAU will have the same structures as SRAU including all employees, systems and functions.
 - (c) Policies and claims management practices - The management of policies and claims will remain unchanged. In particular, the policy terms and conditions of current and prior policies underwritten by SRAU will be unchanged following the transfer, other than SRALAU becoming the insurer in place of SRAU. Claims management philosophy,

guidelines, systems and procedures will also be unchanged. Thus, no policyholders will be disadvantaged.

- (d) Nature of the business including business strategy and business plan - The nature of business of SRALAU will be the same with the same business strategy and business plan as SRAU.
- (e) Retrocession and collateral trust arrangements – These arrangements will be the same by way of Deed of Novation and Substitution of the two original parties (SRAL and SRAU) with the two new parties (Swiss Reinsurance Company Ltd, head office and SRALAU respectively).
- (f) Internal Capital Adequacy Assessment Process (ICAAP) - Capital management framework, including regulatory and target solvency levels are the same.
- (g) Risk management - Risk management framework and risk appetite for SRALAU are the same as those for SRAU.
- (h) SRAL and its Australian branch, SRALAU, are financially strong with an S&P rating of AA- (very strong) as they share the same financial rating as Swiss Re Group. All prior and existing policyholders will benefit from the same claims paying ability regardless of the transfer.

Peer Review Report

- 16. The Peer Review Actuary undertook a peer review of the Actuarial Report.
- 17. The Peer Review Actuary concluded in the Peer Review Report that in his opinion the Actuarial Report on the proposed transfer, was sound and on the basis of information presented in the Actuarial Report, he concurred with the opinion of the Appointed Actuary that there will be no material detriment or disadvantage to the policyholders of SRAU from the transfer.

Effect of Scheme on policyholders

- 18. Upon confirmation of the Scheme by the Federal Court of Australia, all outstanding claims-related rights and liabilities of SRAU in respect of the Reinsurance Contracts will be transferred to SRALAU such that any claims arising under or in connection with any Reinsurance Contract underwritten by SRAU must be made against SRALAU.
- 19. All premiums and other amounts payable to or recoverable by SRAU under the Reinsurance Contracts will be payable to and recoverable by SRALAU instead of SRAU.
- 20. The Reinsurance Contracts will be transferred to SRALAU with the same benefits, conditions and premium rates as applied prior to the Scheme.

21. Any policyholder under the Reinsurance Contracts or other person who has a claim on or obligation to SRAU pursuant to the Reinsurance Contracts will have the same claim on or obligation to SRALAU in substitution for his or her claim on or obligation to SRAU.
22. Policyholders are not required to take any action before or as a result of the Scheme.

Downloading Information on the Scheme

22. A copy of this Scheme Summary, the Scheme, the Actuarial Report and the Peer Review Report will be available on the Swiss Re website at https://www.swissre.com/australia_newzealand/

Further Information

23. Following completion of the transfer, SRALAU will comply with APRA prudential standards applicable to it.
24. If, as an affected policyholder, you have any questions in relation to the Scheme or any information contained in this Scheme Summary, or you wish to obtain a full copy of the Scheme documents, please contact:

Jeremy Challen of SRAU at jeremy_challen@swissre.com or by calling +61 (02) 8295 9500

Between 9am and 5pm each weekday (other than public holidays).

Public Inspection

25. A copy of this Scheme Summary, the Scheme, the Actuarial Report and the Peer Review Report are available for inspection between 9am and 5pm each day (other than weekends and public holidays) from 18 September – 15 October 2019 (inclusive) at the following addresses:

NEW SOUTH WALES Clyde & Co Level 15, 333 George Street Sydney NSW 2000	AUSTRALIAN CAPITAL TERRITORY Chamberlains Law Firm 224 Bunda Street Civic Canberra ACT 2601	SOUTH AUSTRALIA Finlaysons 81 Flinders Street Adelaide SA 5000
QUEENSLAND Clyde & Co Level 22, 12 Creek Street Brisbane QLD 4000	WESTERN AUSTRALIA Clyde & Co Level 28, 197 St Georges Terrace Perth WA 6000	TASMANIA Dobson Mitchell Allport 59 Harrington Street Hobart TAS 7001
VICTORIA Clyde & Co Level 26, 140 William Street Melbourne VIC 3000	NORTHERN TERRITORY Finlaysons Level 3/9 Cavenagh Street Darwin NT 0800	

**THIS SUMMARY HAS BEEN APPROVED, AS A SUMMARY OF THE SCHEME, BY THE
AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY**