



Dear Sir / Madam,

THIS LETTER AND ITS ENCLOSURES ARE IMPORTANT – PLEASE READ THEM CAREFULLY

We are writing to you because our records show that your company is the reinsurer under a reinsurance contract(s) for the benefit of AIG Europe Limited (**AEL**). We are writing to provide you with important details in relation to the proposed transfer of your reinsurance contract(s) that is occurring as part of AEL's Brexit restructuring, including the UK court process described below.

What is happening?

We are restructuring AEL in response to the UK's decision to leave the European Union (the **EU**) (commonly known as "Brexit"). We are implementing the restructuring to ensure that we can continue to operate our business and service policyholders in the UK and across Europe after Brexit.

As part of the restructuring AEL plans to transfer its reinsurance contracts, together with any related security arrangements or letter of credit facilities, to one or both of two new insurance companies within the AIG group:

- American International Group UK Limited (**AIG UK**), which is incorporated in the UK and authorised by the UK Prudential Regulation Authority (the **PRA**) and regulated by the PRA and the UK Financial Conduct Authority (the **FCA**) (under the **Proposed UK Transfer**, as defined below); and/or
- AIG Europe SA (**AIG Europe**), which is incorporated in Luxembourg and authorised by the Luxembourg Minister of Finance and subject to the supervision of the insurance regulator (the Commissariat aux Assurances) (under the **Proposed European Transfer**, as defined below).

Both the Proposed UK Transfer and the Proposed European Transfer (together, the **Proposed Transfer**) are subject to necessary legal and regulatory approvals, as explained further below. If approved the Proposed Transfer is expected to take effect on 1 December 2018.

The Proposed Transfer will have no impact on your company's rights and obligations under the reinsurance contract(s) it issued to AEL or the way such reinsurance contract(s) are administered. The only change to the reinsurance contract(s) issued by your company will be to substitute AIG UK and/or AIG Europe as cedant(s) in place of AEL.

We have provided details below about how the Proposed Transfer will occur, what safeguards are in the process for you, where you can find further information and the rights that you have. We would encourage you to read the information provided in this letter and its enclosures carefully so that you can consider the implications of the Proposed Transfer.

There is no need to take any further action in relation to the Proposed Transfer. However, if you are unsure about the proposals, have any questions, want clarification or think you may be adversely affected, then we would be happy to assist further. You also have the right to raise objections with AEL and/or make representations to the High Court (in writing or in person), as described below.

How will the Proposed Transfer happen?

It is intended that all of AEL's insurance business that (i) relates to risk located in the UK and/or any non-EEA state (other than Monaco, San Marino and Switzerland) and (ii) was not written through a European branch of AEL - as well as all

corresponding assets and liabilities relating to such business - will transfer to AIG UK (the **Proposed UK Transfer**). The Proposed UK Transfer is to be implemented by an insurance business transfer scheme under Part VII of the UK Financial Services and Markets Act 2000 (**FSMA**).

At the same time as implementing the Proposed UK Transfer, all of AEL's insurance business not transferred to AIG UK (being the European related insurance business) and the remaining assets and liabilities of AEL will transfer to AIG Europe (the **Proposed European Transfer**). This Proposed European Transfer is to be implemented by a combined insurance business transfer scheme under Part VII of FSMA and a cross border merger process under the European Cross Border Merger Directive (EU 2017/1132), which will result in the merger of AEL into AIG Europe.

The Proposed Transfer will be undertaken as part of a single UK court process which requires the High Court of England and Wales (the **High Court**) to approve the transfers and an independent expert (whose appointment has been approved by the PRA (the **Independent Expert**)) to give his opinion on the likely effect of the transfers on policyholders and other interested parties, including reinsurers. The Independent Expert has concluded that the Proposed Transfer will have no material adverse impact on policyholders or other interested parties, including reinsurers.

You can find a summary of the Independent Expert's report and the Proposed Transfer in the enclosed booklet (entitled the **Scheme Booklet**). Further information is also provided in the frequently asked questions document enclosed with this letter (the **Q&A document**).

What if my company's reinsurance contract covers both UK and European risks of AEL?

- If an insurance policy was written by a European branch of AEL, then wherever the insured risk is located, the policy will transfer to AIG Europe.
- If an insurance policy was not written by a European branch of AEL (i.e. the policy was issued by AEL in the UK), but covers risks located both in the UK (and/or outside the EEA) and the rest of the EEA, the policy will be split between AIG UK and AIG Europe, so that risk located in the rest of the EEA except the UK will transfer to AIG Europe and everything else will transfer to AIG UK (such a policy being a **Split Policy**). Risks located in Switzerland, Monaco or San Marino however will always transfer to AIG Europe.

The transfer of reinsurance contracts will mirror that of the underlying insurance policies described above. Please note that the terms and conditions of all ceded reinsurance covering Split Policies, including where applicable retentions, limits and any other contract terms and conditions, will continue to apply in the aggregate to AIG UK and AIG Europe, so that you will be no better or worse off than before the effective date of the transfer.

For further details please refer to the Q&A document.

What safeguards are in the process?

As part of the Proposed Transfer, your company's interests and the interests of all our policyholders are being looked after by a thorough review process which is designed to ensure policyholders, beneficiaries and other interested parties, including reinsurers, receive appropriate notice and have a right to have concerns heard by the High Court. This review process includes:

- the appointment of an Independent Expert to produce a report for the High Court on the likely impact of the Proposed Transfer on policyholders and other interested parties;
- the ability for you and other interested parties to object or raise any concerns in relation to the Proposed Transfer, either to the High Court or to us, following which any concerns raised will be communicated to the PRA, the FCA, the Independent Expert and the High Court;
- close consultation with the PRA and the FCA, who will also provide a report on the Proposed Transfer to the High Court; and
- the approval of the Proposed Transfer by the High Court.

The High Court will only approve the Proposed Transfer if it considers it appropriate in all the circumstances. If the Proposed Transfer is approved by the High Court, it is expected to take effect on 1 December 2018, and your reinsurance contract(s) will transfer to AIG UK and/or AIG Europe from that date.

What should you do next?

You will find enclosed a Scheme Booklet containing further information about the Proposed Transfer and the Q&A document, which we encourage you to read carefully. The Scheme Booklet contains:

- a summary of the Proposed Transfer;
- a summary of the Independent Expert's report; and
- notice of the Proposed Transfer and further information on the High Court hearing.

If you do not have any concerns about the Proposed Transfer, or you do not wish to object to it, no further action is required by you.

As stated previously, the change in cedant will not otherwise affect the terms and conditions of the reinsurance contract(s) issued by your company. The reinsurance contract(s) will continue to be administered by the same AIG teams. All our details remain the same, so please continue to contact us in the usual way.

However, if you have concerns regarding the Proposed Transfer and how it may affect your company, you have the right to make written representations to the High Court or be heard at the High Court hearing to sanction the Proposed Transfer (in person or by legal representation). The High Court hearing is scheduled to take place on 18 October 2018 at the Rolls Building, Royal Courts of Justice, 7 Rolls Buildings, Fetter Lane, London EC4A 1NL. You may also raise these concerns with us in writing or over the telephone, in which case we will make a record of your concerns and communicate these to the PRA, the FCA, the Independent Expert and the High Court. For details on how you can contact us please see below.

Further information

If you would like further information or copies of the Proposed Transfer documents, free of charge, or have any other queries relating to the Proposed Transfer please contact AEL on its dedicated helpline on 00800 244 244 29, or by email to aigbrexit@aig.com, or in writing to AIG Brexit Team, 58 Fenchurch Street, London EC3M 4AB. The helpline will be open between the hours of 9.00am and 5.00pm from Monday to Friday (excluding public holidays). Alternatively, copies of all documents relating to the Proposed Transfer, including the full terms of the Proposed Transfer and the Independent Expert's report can be downloaded from our website set up for the Proposed Transfer at www.aig.com/brexit (the **Scheme Website**). Other languages are also available on the Scheme Website. Updates regarding the Proposed Transfer will be posted onto the Scheme Website from time to time including any changes to the date of the High Court hearing.

If your query or concern does not relate to the Proposed Transfer, but instead relates to normal policy matters such as a claim, renewal or policy administration, please use your usual AIG contact details.

The transfer of reinsurance contracts will mean that the AIG Group company which controls processing of information relating to these contracts will change from AEL to AIG UK and/or AIG Europe. Our use of information otherwise remains unchanged and we will continue to protect it as we have always done. You can find more information about how the AIG Group uses personal information by visiting www.aig.com/globalprivacy.

Yours sincerely,



Chris Newby
Chief Operations Officer
for and on behalf of AIG Europe Limited

