

**TRANSFER OF THE BUSINESS OF HAVEN INSURANCE POLICIES LIMITED  
TO NORWICH UNION INSURANCE LIMITED  
SUMMARY OF THE SCHEME AND OF THE INDEPENDENT EXPERT'S REPORT**

**BACKGROUND**

It is proposed that the general insurance business of Haven Insurance Policies Limited ("**Haven Insurance**") shall be transferred to Norwich Union Insurance Limited ("**NUI**"). This transfer of Haven Insurance's business (the "**Transfer**") is to be implemented under the statutory process available under Part VII of the Financial Services and Markets Act 2000 (the "**FSMA**") for the transfer of insurance businesses.

Haven Insurance and NUI are both members of the Aviva plc group of companies (the "**Aviva Group**"). The Transfer is part of an internal re-organisation of the Aviva Group, the aim of which is to rationalise the number of regulated entities and to reduce the duplication of administration within the group. This is expected to lead to reduced overheads and improved efficiencies.

As required by paragraph 3(4) of the Financial Services and Markets Act 2000 (Control of Business Transfers) (Requirements on Applicants) Regulations 2001, this document provides details of the terms of the scheme (the "**Scheme**") under which the Transfer will be implemented and a summary of the report (the "**Independent Expert's Report**") dated 5 December 2005 and prepared by the independent expert, Mr Fred Duncan FIA of PricewaterhouseCoopers LLP, on the terms of the Scheme.

The information in this document is only a summary of the Scheme and of the Independent Expert's Report. If you require further information, you are recommended to read the Independent Expert's Report. Copies of the Independent Expert's Report can be obtained, free of charge, from the website at [www.aviva.com/haven](http://www.aviva.com/haven) or by writing to Group Legal, Aviva plc, Level 20, St. Helen's, 1 Undershaft, London EC3P 3DQ or by emailing [haven@aviva.com](mailto:haven@aviva.com).

## SUMMARY OF THE SCHEME

### Requirement for Court approval

The Transfer is subject to the approval of the High Court of Justice in London. The Court hearing at which the Transfer will be considered and, if thought fit, approved will be held on 22 February 2006.

Subject to the Court approving the Transfer, the Scheme will become effective at 11.59pm (UK time) on 27 February 2006, or on such other date and time as Haven Insurance and NUI may agree (being a date and time falling after the making of the order of the Court sanctioning the Scheme) (the "**Effective Date**"). Unless the Scheme becomes effective on or before 27 February 2006, or such later date as the Court may allow upon the application of Haven Insurance and NUI, it will lapse.

### Transfer of Haven Insurance business

On the Effective Date, the general insurance business of Haven Insurance will be transferred to NUI. The business to be transferred will include all the liabilities of Haven Insurance under insurance policies written by it and assets which match those liabilities. Policies issued by Haven Insurance will (except as set out in the paragraph headed Excluded Policies below) therefore be transferred on the Effective Date to NUI, which will become the insurer under those policies in place of Haven Insurance. Other than the substitution of NUI for Haven Insurance as insurer, the terms of the policies to be transferred to NUI from Haven Insurance under the Scheme will remain the same.

### Premiums and mandates

From the Effective Date, premiums payable to Haven Insurance in respect of policies transferred to NUI will automatically be payable to NUI. Any mandate or other instruction relating to the payment of premiums to Haven Insurance in respect of the transferred policies will take effect from the Effective Date as if it had provided for and authorised such payment to NUI. Mandates and instructions in relation to the payment of monies by Haven Insurance will continue in force from the Effective Date as an effective authority of NUI.

### Litigation

From the Effective Date, any proceedings which are pending or current by or against Haven Insurance will be continued by or against NUI and NUI will be entitled to all defences, claims, counterclaims and rights of set-off that would have been available to Haven Insurance in any such proceedings.

### Excluded Policies

If, for any reason, any policy written by Haven Insurance is not capable of being transferred under the Scheme on the Effective Date, then that policy (an "**Excluded Policy**") will be retained by Haven Insurance until such time as it is capable of transfer to NUI. The liabilities under Excluded Policies will be liabilities of Haven Insurance but will from the Effective Date be reinsured into NUI.

### Assets and liabilities not transferred to NUI

If any asset of Haven Insurance to be transferred is not, or is not capable of being, transferred to NUI pursuant to the Scheme, Haven Insurance will hold such asset from the Effective Date on trust for NUI. Similarly, with effect from the Effective Date, NUI will indemnify Haven Insurance against any charges, costs and claims arising in respect of liabilities which are not immediately transferred by the Scheme.

**Modifications and additions**

Haven Insurance and NUI can apply jointly at any time prior to the Effective Date to the Court for any amendment, variation, modification or addition to the Scheme. NUI may apply at any time on or after the Effective Date to the Court for any amendment, variation, modification or addition to the Scheme.

## **SUMMARY OF THE INDEPENDENT EXPERT'S REPORT**

This is a summary of the report, dated 5 December 2005, that I have prepared on the Scheme, having been nominated by Haven Insurance Policies Limited ("Haven Insurance") and Norwich Union Insurance Limited ("NUI") and approved by the FSA as the Independent Expert.

The Independent Expert's report is required under section 109 of the Financial Services and Markets Act 2000 in order that the Court may properly assess the impact of the proposed Scheme. The report describes the proposed transfer of business under the Scheme and discusses its possible effects on policyholders (and third party claimants who rely on their policies), including effects on security and levels of service. The report is prepared for the use of the Court in connection with the Scheme.

Earlier parts of this document contain a description of the Scheme and I have therefore not included one in this summary. I confirm that the description provided earlier in this document is consistent with my understanding of the Scheme.

I have considered the effect of the Scheme on Haven Insurance policyholders, all of whose policies are to be transferred to NUI, and on NUI policyholders (including those who become policyholders between the date of my report and the Effective Date). In considering policyholders, I have also considered third party claimants who may rely on their policies.

I have been provided with access to sufficient information and have had sufficient discussions with the relevant members of staff to understand the proposals under the Scheme and to assess the potential impact on policyholders.

### **Security of Haven Insurance policyholders**

Haven Insurance is a relatively small company but has a good solvency position. NUI is a much larger company with a good solvency position, which writes the types of business written by Haven Insurance. Additionally, the security of Haven Insurance and the security of NUI are already bound together by a deed of guarantee under which both companies mutually agree to guarantee their respective liabilities arising out of general insurance policies.

I have concluded that the security of the transferring Haven Insurance policyholders is not adversely affected by the proposed transfer.

### **Security of NUI policyholders**

The liabilities to be transferred to NUI are small in relation to the size of NUI, and assets of an equal value will be transferred at the same time. The Transfer will, as a result, have no material effect on the financial strength of NUI.

I have concluded, therefore, that the security of NUI policyholders is not adversely affected by the Scheme.

### **Service levels**

Claims and policy administration for the business to be transferred will remain unchanged. I therefore do not anticipate any change in the level of service to policyholders as a result of the Scheme.

### **Conclusion**

In summary, my opinion is that no policyholders (or third party claimants who rely on their policies) would be adversely affected by the proposed Scheme.

Fred Duncan FIA  
5 December 2005