

POLICYHOLDER PROTECTION OVERVIEW

JULY 2017

Canada Life International Assurance (Ireland) DAC (CLIAI) is a wholly owned subsidiary of the Canada Life group, one of the UK's leading financial services companies. UK investors in CLIAI products are afforded comprehensive protection as detailed below.

FINANCIAL SERVICES COMPENSATION SCHEME (FSCS)

The FSCS is a scheme, created under the Financial Services and Markets Act 2000, intended to provide compensation for customers where a firm authorised by the Prudential Regulatory Authority and the Financial Conduct Authority in the UK is no longer able to meet its obligations to customers.

Policyholder protection may be triggered if a firm is unable, or likely to be unable, to meet claims against it, for example if it has been placed in liquidation or administration.

There are a number of categories for protection including:

1. Long-term insurance – Benefits are protected 100%
2. Investments (e.g. stocks and shares ISA) – 100% of the first £50,000 per person per firm
3. Deposits – 100% of £85,000

The Canada Life International Assurance (Ireland) DAC's products are categorised as long-term insurance arrangements and consequently fall within the protection regime outlined in point 1 above. Although CLIAI is based in Ireland, its customers resident in the UK when their policy starts are likely to be entitled to benefit from the UK FSCS scheme rules.

If CLIAI is unable to meet its obligation to individual policyholders, they may be entitled to compensation under the UK Financial Services Compensation Scheme (FSCS). This depends on the type of business and the circumstances of the claim.

Customers not resident in the UK when the policy is set up will not be entitled to compensation under the FSCS.

SEGREGATION OF ASSETS

Canada Life International Assurance (Ireland) DAC is a European Union authorised life assurance company and, as such, it is required to segregate policyholder assets from those of shareholders. In this way the shareholder cannot use the policyholder's assets to support its financial position. The company's Appointed Actuary is charged with ensuring that policyholder's interests are taken into account as part of the company's business process. The Appointed Actuary reports to the Central Bank of Ireland in this regard on an annual basis although the Appointed Actuary is required to ensure that at all times the policyholder's interests are represented in the company's decision making process.

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Canada Life
International Assurance (Ireland)

PROTECTION IN RESPECT OF UNDERLYING ASSETS WITHIN CLIAI'S PRODUCTS

The protection afforded in respect of underlying assets is addressed under the headings of deposits and Funds.

INVESTMENT IN FUNDS

CLIAI's rights to recover losses following a failure by an investment manager to meet their obligations may not be as extensive as those of individuals investing directly in the relevant asset.

Policyholders would not themselves be able to claim under the FSCS against a fund manager in default.

In practice, whether or not the investment is through a bond, the assets of the fund may be held separately from the external fund manager's own assets with an independent third-party custodian and should not be threatened by the fund manager's default.

INVESTMENTS WITH DISCRETIONARY FUND MANAGERS (DFM)

Should a DFM become unable to meet its liabilities, it is unlikely that CLIAI would be able to make a claim under the FSCS. In the event that assets were held with a DFM and CLIAI became unable to meet its liabilities, those policyholders who were UK resident at the time of taking out the policy are likely to have recourse to the FSCS, as highlighted under the "Financial Services Compensation Scheme (FSCS)" section above.

CONCLUSION

CLIAI is rated as 'very strong'* by AKG Actuaries & Consultants Ltd. This is the highest rating given by AKG to any international long-term insurer; shared with a number of other UK financial services companies. It is important to understand, however, that the performance of the assets in which a policyholder chooses to invest are not CLIAI's responsibility. They do not have the right to claim compensation against CLIAI in relation to the poor performance of any asset. Also, they do not have the right to claim compensation against CLIAI in relation to the default of any external investment managers or deposit account providers.

*AKG Report October 2016



For further information about Canada Life International Assurance (Ireland) DAC, please visit www.canadalifeinternational.ie or call us on +44 (0) 1624 820200.

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Canada Life International Assurance (Ireland) DAC is authorised and regulated by the Central Bank of Ireland.



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