

Brexit Update

November 2020

What will Brexit mean for Canada Life International policyholders?

From 1st January 2021, EU rules and regulations will no longer apply in the UK. This summary explains the position of Canada Life International and its policyholders post-Brexit, and is intended to provide the certainty you need to help your clients make financial decisions with confidence.

The international division of Canada Life operates in two jurisdictions:

- Canada Life International Limited (CLI) and CLI Institutional Limited (CLII) in the **Isle of Man**
- Canada Life International Assurance (Ireland) DAC (CLIAI) in **Ireland**

We have engaged in extensive Brexit planning, and you can be assured that we will continue to trade as actively as we do today in both our jurisdictions after Brexit.

What will stay the same?

We will be here for you and your clients

Rest assured that our international businesses will continue to provide policies and investments post-Brexit, for both existing and new policyholders, and that the benefits of investing internationally will remain largely unchanged by Brexit.

Isle of Man: No change expected

The Isle of Man is not part of the EU today and therefore we see no change to the trading relationship between the Isle of Man and the UK as a result of Brexit, a view shared by the Isle of Man government. As such we expect business to carry on as normal through CLI and CLII. The Isle of Man has a reputation centred on stable government, strong regulatory controls and policyholder protection. Customers of CLI and CLII will continue with the same level of policyholder protection as they have today.

Ireland: We are fully prepared and open for business (deal or no deal)

CLIAI is based in Dublin, one of the world's leading financial centres. The company boasts a strong commitment to international financial standards and policyholder protection. CLIAI has developed a robust and legally compliant post-Brexit operating model which has been reviewed in detail by the regulators in Ireland and the UK. Be assured that:

- CLIAI will remain open to new business regardless of the terms of the withdrawal
- Existing policies will remain valid and enforceable, as will new policies post Brexit
- Terms and conditions of policies will be materially unchanged
- There will be no change to policy benefits, including taxation of CLIAI policies. Gross roll up benefits and the VAT exemption in relation to DFM services will still apply.
- There will be no change in the standard of service that CLIAI provides to clients.

What will change as a result of Brexit?

One change that will take place after 31st December 2020 is that the Financial Services Compensation Scheme (FSCS) will no longer apply to any Irish based provider.

The FSCS provides protection for UK resident policyholders of EU authorised life assurance companies should the company become unable to meet its financial commitments. Note however that FSCS does not protect against the insolvency of fund managers, performance of underlying assets, or the insolvency of a DFM, nor will these be protected after Brexit.

How safe will my clients' policies be after Brexit?

Choosing a financial provider is about having the confidence your clients' money will be safe and secure for years to come, regardless of economic conditions.

A 120 year international heritage

CLIAI is part of Great-West Lifeco, one of the largest life insurance organisations in the world, with interests in life insurance, health insurance, investments, retirement savings and reinsurance. The ethos of our parent company, and their focus on putting the long-term needs of customers first, prevails throughout our businesses, and is one of the reasons why we have successfully looked after the financial futures of so many clients for so many years.

World-class financial and capital strength

Together with Great-West Lifeco's other subsidiaries, we serve the financial needs of more than 30 million customers and have more than £987 billion in assets under administration (at 30th June 2020). CLIAI is well-capitalised and benefits from being part of this strong global group, so you can be confident that the risk of CLIAI being unable to meet its financial commitments is remote.

Strong independent ratings

All of Canada Life International's businesses achieved a five-star financial strength rating from actuarial consultancy AKG in 2020 for the 18th consecutive year, the only offshore insurer to do so.

Robust governance and control of risk

CLIAI operates a 3 lines of defence risk governance model comprising (1) functional areas, (2) oversight and control functions including risk, actuarial and compliance, and (3) independent assurance provided by the internal audit function.

Stringent regulatory controls apply in Ireland to protect policyholders

Although there is no formal insurance policyholder compensation scheme in Ireland there is a robust regulatory framework in place to protect CLIAI's customers:

- CLIAI is authorised and regulated by the CBI, the supervisory authority for Irish insurance companies.
- CLIAI only writes unit linked business, which means when a policyholder pays a premium, this immediately creates a matching liability. CLIAI is required to hold reserves separately from all other assets of the company to cover liabilities to policyholders.
- Irish law and regulation that governs the winding up of life companies means that policyholders' liabilities must be paid ahead of any other claims of the life assurance company other than the cost of winding up the company.
- As an Irish regulated life assurance company, CLIAI is required to segregate policyholder assets from those of shareholders so they cannot be used to support its financial position.
- The types of assets CLAI can hold are restricted in order to limit exposure to riskier or more volatile assets.
- EU legislation requires CLIAI to hold a solvency capital requirement (SCR) calculated using a risk based approach. CLIAI must hold assets at least equal to the value of the SCR.
- CLIAI is required to make annual solvency submissions to the CBI and is subject to regular internal and external audit and inspection.
- The CBI has powers of intervention if they are concerned about the solvency of a life assurance company.
- CLIAI is regularly reviewed by the CBI to ensure it meets the legal and regulatory requirements in Ireland.

For more information

Canada Life International is committed to keeping advisers and policyholders up to date with any developments that affect their policies and will continue to do so.

To speak to a Canada Life account manager call 0345 300 3199.

For more detail about how policyholders and advisors will be affected by Brexit please refer to the Brexit Q&A on the Canada life International website. The content of this document is based on our current understanding of the Brexit situation and is subject to change.



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Canada Life International Limited and CLI Institutional Limited are Isle of Man registered companies authorised and regulated by the Isle of Man Financial Services Authority. Canada Life International Assurance (Ireland) DAC is authorised and regulated by the Central Bank of Ireland.