This summary provides an outline of what insurance policyholder protection is in place in the United Kingdom and is intended to provide the certainty you need to help your clients make financial decisions with confidence.

Strict regulatory and supervisory controls apply in United Kingdom to protect policyholders.

There is a formal insurance policyholder compensation scheme in place in the United Kingdom as part of a robust regulatory framework to protect CLL’s customers:

- **Regulation** – CLL is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA). The two bodies combined are the regulatory supervision authority for the United Kingdom financial services business. CLL is classified as a long-term insurer, which means it maintains a ‘long-term fund’ in which most of its assets are held.

- **Limited exposure to risk** – CLL investment business is unit-linked life assurance and pensions, the vast majority of which is sold into the UK market. CLL do have substantial corporate assets relating to its lifetime annuity book, but these meet stringent solvency requirements and are more than sufficient to cover our annuity liabilities. CLL therefore carries a very limited amount of exposure to risk within its long-term business fund.

- **Policyholder compensation** – If CLL becomes unable to meet its liabilities, the Financial Services Compensation Scheme would meet up to 100% of CLL’s liabilities to its policyholders.

- **Restriction** – The types of assets CLL can hold are restricted to limit exposure to riskier or more volatile assets.

- **Solvency** – CLL is required to hold a solvency capital requirement (SCR) above its insurance obligations. There is a two-tiered approach to solvency requirements, the SCR, and a minimum capital requirement (MCR), the value for each is in accordance with the Solvency II rules. CLL calculates its solvency requirements in line with the Solvency II standard formula model.

- **Submissions** – CLL is required to make annual solvency submissions to the PRA and is subject to regular internal and external audit and inspection.
• **Intervention** – The FCA and PRA have powers of intervention if they are concerned about the solvency of a life assurance company. If a life company’s solvency is near to, or falls below, the SCR the PRA can take steps or request that the company take remedial action to restore its solvency requirements. The MCR represents an absolute minimum requirement below which more serious regulatory intervention can be taken.

• **Monitor** – the FCA and PRA closely monitor the activities and financial strength of CLL to ensure it meets the legal and regulatory requirements in the United Kingdom.

**Policyholder Compensation Scheme**

• Policyholders of CLL policies will be protected by Financial Services Compensation Scheme (FSCS) established under the Financial Services and Markets Act 2000 if CLL becomes unable to meet its liabilities to them.

• The FSCS would meet up to 100% of CLL’s liabilities to its policyholders.

• The compensation offered for an individual policy asset depends upon what type of asset is involved (that is, whether it is a collective investment, a cash deposit or other), what jurisdiction the asset is constituted in and whether it is authorised by a regulatory body.

• The FSCS has a maximum amount it will pay out to each client of the asset in question. As the policy assets belong to CLL, it will be the only holder of an asset, even though several investors have their policy linked to the asset value. The FSCS would only treat CLL as one investor. Therefore, any compensation received would have to be split between all relevant policyholders of CLL – as would be the case with any life assurance or other company in this situation. Where there is any concern about the level of compensation offered at the underlying linked policy asset level, we would recommend contacting the organisation whose investments are being considered for more information.

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<th>Category</th>
<th>Limit</th>
<th>Notes</th>
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<td><strong>Investment bonds</strong></td>
<td>In the unlikely event that CLL were unable to meet its liabilities; the FSCS would cover policyholders for 100% of the claim with no upper limit.</td>
<td>This does not cover any losses due to fund performance or market volatility.</td>
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<td><strong>Retirement planning and annuity products</strong></td>
<td>In the unlikely event that CLL were unable to meet its liabilities; the FSCS would cover policyholders for 100% of the claim with no upper limit.</td>
<td>In the case of pensions in payment (annuities) the FSCS would first look for another insurance firm to take on the business and continue making the same level of payments to policyholders, only if this could not be achieved should the compensation scheme be used.</td>
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<td><strong>Life and pension funds</strong></td>
<td>The FSCS was created to pay compensation to policyholders should an authorised life office, such as CLL, be unable to meet its liabilities. The FSCS does not cover any losses made on an investment</td>
<td>For example, if a fund went down in value because it held shares in a company which then became insolvent, policyholders invested in the fund would not be able to claim compensation.</td>
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<td><strong>Fund managers</strong></td>
<td>Where CLL offer fund links, there is the risk that the external fund manager could default and, in these circumstances, neither CLL nor policyholders could claim compensation from the FSCS for any loss.</td>
<td>The regulations which govern fund managers require that all the assets in funds should be held by an independent third-party trustee or custodian. In the event of insolvency or default by the fund manager, the assets of the fund will be protected from creditors. The trustee or custodian holds all securities on behalf of the funds in designated nominee accounts. So, if the trustee or custodian were to become insolvent, the securities remain ring-fenced in these designated nominee accounts and are consequently protected from creditors as neither the trustee nor the custodian has a beneficial interest in the securities. This is a very effective regulatory requirement, put in place to protect the assets of fund investors.</td>
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Choosing a financial provider is about having the confidence your money will be safe and secure for years to come, regardless of economic conditions.

- CLL has a comprehensive and actively managed Risk Management Framework in place to monitor and control risks to which the Company is exposed.
- CLL is committed to the UK market, which has been and remains our core market.
- Our strategy is to be a leader in our chosen markets: retirement, investment and protection.
- CLL has £40.9bn assets under administration (as at 31 December 2020).
- CLL achieved a rating of B+ ‘very strong’ from AKG Actuaries & Consultants Ltd in October 2020.
- CLL is investing heavily in its systems and digital offering, demonstrating its belief in and long-term commitment to the UK market, as well as continuing to meet the long term needs of its customers.

Canada Life has been operating in the UK since 1903.

120 year international heritage – Canada Life 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.

Offering world-class financial and capital strength – Great-West Lifeco and its subsidiaries serve the financial needs of more than 30 million customers and have more than £1.149 trillion in assets under administration (as at 31 December 2020).

Strong independent ratings – Canada Life Assurance Company (which owns 100% of Canada Life Limited) has received strong ratings from the major ratings agencies (as at 30 September 2020).

NOTE: This document is based on the Company’s understanding of applicable legislation, law and regulation as at June 2021. It is provided solely for general consideration.