

# Admiral Part VII Transfer

# Addendum to Independent Expert Supplementary Report

10 December 2018

### Purpose

This note forms an addendum to my Supplementary Report dated 2 December 2018. It is provided to the Court in response to a request from the PRA for me to clarify my comments in section 4.9.4 of my Original Report regarding the work that I have performed on the UK Financial Services Compensation Scheme ("FSCS") and the Spanish Insurance Compensation Consortium (Consorcio de Compensación de Seguros, "CCS"). This note also provides an update in respect of an additional objection received on 3 December after my Supplementary Report was finalised.

This note must be read in conjunction with my Supplementary Report dated 2 December 2018 and with my Original Report dated 22 August 2018. I have used the same defined terms here as in those reports. The restrictions and limitations set out in my Original Report apply equally to this note. The work covered in this note, when taken together with the Original Report and Supplementary Report, complies in all material respects with the TASs, and my comments in those reports on the TASs, including comments on materiality, apply equally to this note.

### FSCS additional comments

I have considered the loss of FSCS rights in my analysis. I asked Admiral to commission and provide me with legal advice on the position regarding the loss of or retention of FSCS and FOS rights for different groups of policyholders, and the situation after the Transfer under the Spanish regime. I also took advice from my own regulatory colleagues in both the UK and Spanish firms of PwC.

I have understood from this advice that coverage under the Spanish compensation scheme, the CCS, is provided to current policyholders of Spanish insurers no matter where the policyholder is located in the EU, and without reference to the country of the original insurer. I have understood from this advice that the transferring policyholders will be covered by the CCS from the effective date of the Transfer.

I do not regard the FSCS regime as markedly better than the Spanish regime and, as such, I have not felt the substitution of one for the other to be a material issue for policyholders. The level of detail in my Original Report was commensurate with my consideration of the importance of the point and the level of information that I considered would inform policyholders.

### **Objections**

I have been advised that additional policyholder correspondence was received on 3 December 2018 that has been classed as an objection. I have reviewed this objection in which the policyholder requested to cancel their policy as they did not accept the "new terms" of the cover. I do not consider the terms of the cover to have changed and confirm that this objection raises no new issues that have

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not been covered in my Original Report or my Supplementary Report. It has no impact on my conclusions on the Transfer.

Gregory Overton FIA For and on behalf of PricewaterhouseCoopers LLP 10 December 2018