

SCHEDULE 2

SUMMARY OF INDEPENDENT EXPERT REPORT

Introduction

1. Chubb Life Insurance Company Ltd. ("CLICL") proposes to transfer all of its long term insurance policies written by its Hong Kong branch ("the Transferring Policies") and all of its assets and liabilities to Chubb Life Insurance Hong Kong Limited ("Chubb Life HK", and jointly with CLICL as the "Companies"). This transfer ("Transfer") is intended to be effected as a scheme of transfer ("the Hong Kong Scheme") under Hong Kong law pursuant to section 24 of the Insurance Ordinance, Chapter 41 of the Laws of Hong Kong (the "Insurance Ordinance") and a scheme of transfer (the "Bermuda Scheme") under section 25 of the Insurance Act 1978 of Bermuda (the "Insurance Act"). The Hong Kong Scheme and the Bermuda Scheme together are the proposed schemes ("Proposed Schemes").
2. Under section 24 of the Insurance Ordinance, the Companies may apply to the Court of First Instance in Hong Kong (the "Hong Kong Court") by petition for an order sanctioning the Hong Kong Scheme and that petition must be accompanied by a report on the terms of the Hong Kong Scheme prepared by an independent actuary ("Independent Actuary") on the likely effects of the Hong Kong Scheme on the policyholders of the insurers concerned.
3. Under section 25 of the Insurance Act, the Companies may apply to the Supreme Court of Bermuda (the "Bermuda Court", together with the Hong Kong Court the "Courts") by petition for an order sanctioning the Bermuda Scheme and that petition must be accompanied by a report on the Bermuda Scheme prepared by an approved actuary ("Approved Actuary", together with the Independent Actuary the "Independent Expert").
4. I, Cindy Chou, have been appointed by the Companies to provide an Independent Actuary report for the Hong Kong Scheme and an Approved Actuary report for the Bermuda Scheme (which reports are collectively the "Independent Expert Report"). My appointment as the Approved Actuary in connection with the Bermuda Scheme was approved by the Bermuda Monetary Authority ("BMA") on 2 September 2022. My appointment as Independent Actuary was notified to the Hong Kong Insurance Authority ("Insurance Authority") on 6 December 2022. I refer to this dual appointment of me being the "Independent Expert".
5. I have 18 years of experience in life insurance in the US and Asia combined. I am a Fellow of the Society of Actuaries and a Director with the Insurance Consulting and Technology business of an affiliate of Willis Towers Watson US LLC ("WTW"). I have Master of Commerce (Actuarial Science) from the Macquarie University, Australia, and Master of Finance from the Boston University, U.S.A. I am in full compliance with the Continuing Professional Development requirements promulgated by the Society of Actuaries.

6. In conducting this work, I have been supported by a team of WTW colleagues that includes other qualified and experienced actuaries.
7. Under the Proposed Schemes, CLICL will bear the cost and expenses related to my appointment as the Independent Expert, and the cost of implementation of the Schemes will be borne by Chubb Life HK. This includes but not limited to costs associated with preparation of the Schemes, obtaining Court sanctions, and other expenses associated with the Transfer, both incurred before and after the Effective Date (as defined in paragraph 20 below). The cost will be expensed through Chubb Life HK and met by Chubb Life HK's Shareholders' fund. The total costs and expenses anticipated to be incurred in this regard are estimated to be approximately USD 1 million.

Outline of Purpose of the Proposed Schemes

8. CLICL was incorporated in Bermuda on 28 July 1976 and was registered in Hong Kong as a non-Hong Kong company for the purposes of Part 11 of the former Companies Ordinance (Chapter 32 of the Laws of Hong Kong), now Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), on 31 August 1984.
9. CLICL is an insurer authorized by the Insurance Ordinance to carry on Class A (Life and annuity), Class C (Linked long term), Class D (Permanent health) and Class I (Retirement scheme management category III) of long term business (as defined in the Insurance Ordinance) ("Long Term Business") in or from Hong Kong. Although CLICL is authorized to carry on Class I (Retirement scheme management category III) of Long Term Business, it has never carried on that class of Long Term Business in or from Hong Kong.
10. CLICL is registered with the BMA under section 4 of the Insurance Act as a Class E insurer, permitting CLICL to effect and carry on long term insurance business pursuant to the provisions of the Insurance Act.
11. On 7 October 2021, Chubb announced its acquisition of the accident & health and life businesses of CIGNA in Korea, Taiwan, New Zealand, Thailand, Indonesia and Hong Kong. This transaction closed on 1 July 2022. As part of that acquisition, Chubb International Investments Limited, a subsidiary of Chubb Limited that is the ultimate parent company of the Chubb group of companies ("Chubb Group"), purchased the entire issued share capital of CIGNA Worldwide Life Insurance Company Limited (which subsequently changed its name to Chubb Life Insurance Hong Kong Limited) (the "Acquisition").
12. Chubb Life HK (formerly known as CIGNA Worldwide HK Life Company Limited and subsequently changing its name to CIGNA Worldwide Life Insurance Company Limited) was incorporated in Hong Kong on 19 July 2005.
13. Chubb Life HK is authorized to carry on Class A (Life and annuity), Class C (Linked long term), Class D (Permanent health) and Class I (Retirement scheme management category III) of Long Term Business in or from Hong Kong.

14. Upon completion of the Acquisition, CLICL and Chubb Life HK entered into an agreement (defined in the Hong Kong Scheme as the Policy Administration Agreement and also known as the Group Services Agreement) pursuant to which Chubb Life HK outsourced the administration of its long term insurance policies to CLICL for this to be carried out in parallel with administration of CLICL's own long term business.
15. CLICL is subject to the supervision of the BMA pursuant to the Insurance Act and the Insurance Authority pursuant to the Insurance Ordinance. As certain Transferring Policies also constitute investment-linked assurance schemes under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), the change in the issuer of those Transferring Policies also requires the approval of the Securities and Futures Commission in Hong Kong (the "SFC", jointly with the Insurance Authority and the BMA, the "Regulators").
16. The Companies propose to make an application to the Hong Kong Court to transfer CLICL's long term business ("CLICL's Long Term Business") carried out in Hong Kong from CLICL to Chubb Life HK according to the terms of the Hong Kong Scheme and to the Bermuda Court to transfer CLICL's long term business from CLICL to Chubb Life HK according to the terms of the Bermuda Scheme which are in all material respects the same as the terms of the Hong Kong Scheme.
17. Under the Proposed Schemes, CLICL proposes to transfer all of its assets and liabilities to Chubb Life HK with the intention of applying to the Insurance Authority to be de-authorized as an authorized insurer and to the BMA to surrender its Class E long term business licence. After the Transfer, CLICL and Chubb Life HK intend to terminate the Policy Administration Agreement and for Chubb Life HK to offer to employ the CLICL employees who have been administering the Transferring Policies so that the same employees will continue to service the Transferring Policies.
18. CLICL and Chubb Life HK consider that the benefits of the Transfer will, subject to it becoming effective, include:
 1. by combining CLICL's Long Term Business with Chubb Life HK's Long Term Business:
 - i. avoiding duplication of insurance products, management, administration, servicing and cybersecurity monitoring of separate IT systems; and
 - ii. improving the efficiency of policy servicing, accounting, audit, regulatory and actuarial compliance;
 2. by removing the need for the Chubb Group to maintain two authorized insurers in Hong Kong:
 - i. simplifying Chubb Group's corporate structure in Hong Kong;
 - ii. achieving regulatory alignment and streamlining regulatory compliance by focussing this in Hong Kong (as Chubb Group's Long Term Business in Hong Kong will be subject to the Hong Kong regulatory regime alone and not to Bermuda regulatory requirements that currently

- apply with respect to CLICL as a company incorporated in Bermuda) thereby removing the additional resource burden in managing different risk profiles and regulatory regimes;
- iii. avoiding duplication of risk management assessments including carrying out Own Risk and Solvency Assessments for both CLICL and Chubb Life HK; and
 - iv. creating greater synergies between Chubb Group companies in Hong Kong; and
3. enabling simpler, clearer and more transparent communications:
 - i. with Transferring Policyholders (as defined in paragraph 22 below), by removing any confusion arising out of the Chubb Group having two different authorized insurers carrying on Long Term Business in Hong Kong; and
 - ii. with Chubb Life HK Policyholders (as defined in paragraph 22 below) as their policies will be both held and administered by Chubb Life HK rather than held by Chubb Life HK and administered by CLICL under the Policy Administration Agreement; and
 4. facilitating Chubb Group' strategic plans for Chubb Life HK, as a company incorporated in Hong Kong, to take advantage of the Hong Kong Government's efforts to enable insurers to expand their Long Term Business into the Greater Bay Area.
19. Prior to 1 July 2023, Chubb Life HK will establish:
- the Chubb Life HK New Life Fund for Class A Policies, Class C Policies (non-Unit Linked Benefits) and Class D Policies to be transferred from the CLICL Legacy Life Fund on the Effective Date; and
 - the Chubb Life HK New Linked Fund for Class C Policies (Unit Linked Benefits) to be transferred from the CLICL Legacy Linked Fund on the Effective Date,

both of which funds will be managed separately from the existing Chubb Life HK insurance funds. The fund structure of Chubb Life HK is summarized below:

Chubb Life HK Legacy Life Fund	an Insurance Fund for Class A Policies, Class C Policies (non-Unit Linked Benefits), Class D Policies and Class I Policies established and maintained by Chubb Life HK prior to the Effective Date and which will continue to be maintained by Chubb Life HK with effect from the Effective Date
Chubb Life HK Legacy Linked Fund	an Insurance Fund for Class C Policies (Unit Linked Benefits) established and maintained by Chubb Life HK as a Linked Fund prior to the Effective Date and which will continue to be maintained by Chubb Life HK with effect from the Effective Date

Chubb Life HK New Life Fund	an Insurance Fund for Class A Policies, Class C Policies (non-Unit Linked Benefits), Class D Policies and Class I Policies to be called the “Chubb Life HK New Life Insurance Fund (Class A, Class C General Account and Class D)”, to be established by Chubb Life HK prior to 1 July 2023 as a separate Insurance Fund to the Chubb Life HK Legacy Life Fund and maintained by Chubb Life HK with effect from 1 July 2023
Chubb Life HK New Linked Fund	an Insurance Fund for Class C Policies (Unit Linked Benefits) to be called the “Chubb Life HK New Linked Fund (Class C Separate Account)”, to be established by Chubb Life HK, prior to 1 July 2023, as a separate Linked Fund to the Chubb Life HK Legacy Linked Fund and maintained by Chubb Life HK with effect from 1 July 2023

20. The intended effective time and date of the Proposed Schemes is at 12:00 a.m. Hong Kong time on 1 December 2023 or on such date mutually agreed by CLICL and Chubb Life HK (being a date within 90 days after the date on which the Hong Kong Court makes an order (the “Hong Kong Order”) sanctioning the Hong Kong Scheme (the “Effective Date”) and subject to the Bermuda Court making an order (the “Bermuda Order”, together with the Hong Kong Order the “Court Orders”) sanctioning the Bermuda Scheme.
21. Currently, Chubb Life HK has ceased the offering of its existing products while CLICL continues to offer its products until 30 June 2023. Starting 1 July 2023, Chubb Life HK will start offering former CLICL products which will be issued under the company name Chubb Life HK and which will be identical to the products currently offered by CLICL until 30 June 2023. With effect from 1 July 2023, CLICL will cease to receive new policy applications. All policies underwritten by Chubb Life HK on and after 1 July 2023 will be allocated to the Chubb Life HK New Life Fund or the Chubb Life HK New Linked Fund respectively.

Purpose and Scope of the Independent Expert Report

22. The purpose of my Independent Expert Report (my “Report”) is to provide my opinion on the likely effects of the Hong Kong Scheme and the Bermuda Scheme on the policyholders of CLICL (the “Transferring Policyholders”) and the policyholders of Chubb Life HK (the “Chubb Life HK Policyholders”) as required by section 24 of the Insurance Ordinance and section 25 of the Insurance Act respectively.
23. The Transfer will not become effective until all regulatory approvals and Court Orders are obtained and until the Effective Date.
24. My Report is provided for the Companies and the Courts for the sole purpose of considering the impact of the Proposed Schemes on the affected policyholders of the Companies. My Report will be presented to and considered by the Courts in deciding whether to sanction the Proposed Schemes.

25. The scope of my review is limited to assessing, and providing opinions on, the likely impact of the Proposed Schemes on the contractual benefits and other rights, reasonable benefit expectations, financial security of the benefits and service levels for the following two groups of policyholders:
- the Transferring Policyholders; and
 - the Chubb Life HK Policyholders.
26. My Report is prepared in accordance with the approach and expectations in section 2 paragraphs 27 to 40 of the Prudential Regulation Authority (“PRA”), as set out in “The Prudential Regulation Authority’s approach to insurance business transfers” dated 2022 (the “PRA Statement of Policy”) which is enclosed as Appendix C to this Report. I have also used Chapter 18 of the Supervision Manual (“SUP 18”) contained in the Financial Conduct Authority (“FCA”) Handbook as a reference document. Subsections SUP18.2.31G to SUP18.2.41G, which provide guidelines on the form of the independent expert scheme report, are enclosed as Appendix D to this Report.
27. In preparing my Report, I have focused on the changes that arise from the Proposed Schemes, rather than changes that might arise in the ordinary course of business. The scope of my work does not include assessing the impact of the Schemes on the shareholders of the Companies. I have considered the Schemes as presented to me and have not considered any other alternative schemes.
28. In reviewing the current operations the Companies I have been provided with a substantial amount of information by or on behalf of the Companies. Much of this information is confidential and/or commercially sensitive and is technical in nature. I, therefore, have not explicitly described or quoted such information in my Report unless, in my opinion, it is necessary to do so for the Courts and other readers to gain a clear understanding of the potential impacts of the Proposed Schemes on the Transferring Policyholders and the Chubb Life HK Policyholders. Nonetheless I have taken this information into consideration in formulating my understanding and opinions of the Proposed Schemes.
29. CLICL has, on behalf of the Companies, provided me with a letter of representation dated 12 May 2023 confirming that the information provided to me by or on behalf of the Companies is accurate and complete.

Impact of the Proposed Transfer on Financial Security

30. For the Transferring Policyholders and the Chubb Life HK Policyholders, the security to their long term guarantees and contract obligations met by CLICL is measured by the excess assets in the sub funds plus the net shareholder assets. It is affected by the level of the reserves and the capital, together with additional security provided by the entity as a whole. Therefore, the solvency positions of the Companies prior to the Transfer and the expected overall solvency position of Chubb Life HK following implementation of the Proposed Schemes are part of my considerations in this report.

31. I have summarized the internal target capital ratio in the table below for both Companies. Given that both Companies have the same internal target ratio before the Transfer, there should not be material adverse impact to the Transferring Policyholders and Chubb Life HK Policyholders after the Transfer.

Internal Target Capital Ratio on HKIO Basis	CLICL	Chubb Life HK
Internal target capital	200%	200%
HKIA required solvency for monitoring purpose	150%	150%
Minimum solvency requirement	100%	100%

Internal Target Capital Ratio on HKRBC Basis	CLICL	Chubb Life HK
Internal target capital	110%	110%
Minimum solvency requirement	100%	100%

32. In terms of access to capital, the same internal governance process will apply following Chubb Group review and approval process for injection from the Board of Chubb International Investments Limited (“CIIL”) of UK, which will seek the approval from the Board of Chubb INA International Holdings Ltd. (USA/DE). Since the governance process required for approval for capital injection remains the same, I have no reason to expect the Proposed Schemes will have any material impact on the availability of capital to the Companies after implementation of the Proposed Schemes.

33. Below I set out a summary of key statistics for the Companies before the Transfer:

- Under the Hong Kong regime (HKIO), the solvency ratio for CLICL as of 31 December 2022 was 310%, with a required margin of solvency of \$124.9 million. Under HKRBC, CLICL’s solvency ratio is 313%.
- Under HKIO, the solvency ratio for Chubb Life HK as of 31 December 2022 was 396%, with a required margin of solvency of \$19.7 million. Under HKRBC, Chubb Life HK’s solvency ratio is 302%.

34. After the Transfer, the tables below summarize the projected solvency positions of the Chubb Life HK of the combined entities under HKIO and HKRBC basis is presented. Based on the three (3) year projection, the solvency ratio under HKIO basis stays above 200% internal capital target, and 150% regulatory minimum capital requirement. Under HKRBC basis, the solvency ratio stays above 110% of Chubb Life HK’s internal capital target and 100% regulatory minimum capital requirement.

Projected HKIO Solvency Position for Chubb Life HK After Transfer				
in USD Millions				
	2022	2023	2024	2025
Net Asset	466	594	725	835

Solvency Ratio	322%	385%	437%	454%
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Projected HKRBC Solvency Position for Chubb Life HK After Transfer in USD Millions				
	2022	2023	2024	2025
Available Capital	1,277.1	1,401.2	1,569.8	1,750.0
Required Capital	410.9	469.1	557.1	658.2
HKRBC Solvency Ratio	311%	299%	282%	266%

35. Hong Kong insurance regulations also require an insurer carrying long term business to perform the Dynamic Solvency Testing (“DST”) under the Actuarial Guidance Note 7 (“AGN7”), passed by the Actuarial Society of Hong Kong (“ASHK”). The insurer is required to conduct financial projection under a base scenario and plausible adverse scenarios, including 6 prescribed scenarios per AGN7 and 6 additional plausible scenarios from HKIA. The insurer’s financial condition is satisfactory if throughout the forecast period (the forecast period for a typical life insurer would be three financial years):
- Under the base scenario it meets the minimum regulatory capital requirements; and
 - Under all plausible adverse scenarios, the assets exceed the liabilities.
36. The Companies have provided the DST results for the next three financial years should the Proposed Scheme be implemented. Under all plausible adverse scenarios, assets exceed the liabilities for the combined entities for the next three financial years. Chubb Life HK’s income will be sufficient to meet the increased capital demand for all scenarios except for the medium-term inflationary scenario, Chubb Life HK will require capital injection in order to maintain the regulatory required solvency ratio of 150%.
37. CLICL conducts an annual Own Risk and Solvency Assessment (“ORSA”) supervisory report in compliance with GL21 (“Guideline on Enterprise Risk Management”) issued by the HKIA. Under this assessment the solvency position is assessed using the proposed HKRBC basis rather than the current HKIO basis.
38. The objectives of the ORSA include:
- Enhance risk management function and practices that include formulation of appropriate business objectives.
 - Further integrate risk management within the organization.
 - Increase awareness and extend credibility with senior management and the Board of Directors.
 - Facilitate the assessment of overall solvency needs and capital adequacy in order to enhance capital management.
 - Satisfy regulatory requirements.

39. Stress and Scenario Testing (“SST”) is performed to ensure sufficient actions are available through recovery and continuity plans, where necessary. The stress scenarios include prescribed scenarios covering stresses in interest rates, credit spread widening, increase in mortality and morbidity, and change in business growth, and the insurer’s own scenarios. The solvency ratios under base and stress scenarios are examined for Chubb Life HK after the Transfer, which remain above the minimum regulatory capital level and Chubb Life HK’s own internal target capital, therefore no management action is required.
40. The level of Chubb Life HK’s financial flexibility before the Transfer will remain the same after the Transfer, as the requirements and decision process for capital injection will continue to apply as part of Chubb Group internal control and governance, and subject to the Board approval from Chubb INA International Holdings Ltd. (USA/DE).
41. Both Chubb Life HK Policyholders and the Transferring Policyholders will benefit from a greater level of total surplus level that leads to more certainty and better financial security. It is my opinion that the Transferring Policyholders and the Chubb Life HK Policyholders’ financial security will not be adversely affected by the Proposed Scheme.

Impact on Transferring Policyholders – Other Considerations

42. As explained in paragraph 19, prior to 1 July 2023, Chubb Life HK will establish two new funds for the assets and liabilities to be transferred from CLICL on the Effective Date. The Chubb Life HK New Life Fund and the Chubb Life HK New Linked Fund will be managed separately from existing Chubb Life HK insurance funds.

Contractual Benefits and Other Rights

43. I have concluded that the Proposed Schemes will not adversely affect the contractual benefits and other rights of Transferring Policyholders in any material way. CLICL has shown that:
 - from a contractual standpoint, there is no change to the terms of policy contracts issued by CLICL. Therefore, same policy benefits will continue post-Transfer. The insurance contracts cannot be changed without a bilateral agreement between Chubb Life HK and the policyholder;
 - the Hong Kong Scheme cannot be altered unless it has the approval of the Hong Kong Court and is subject to any conditions which the Insurance Authority may require or the Hong Kong Court may impose.

Reasonable Benefit Expectations

44. I have reviewed the document Managing Policyholders’ Reasonable Expectations dated February 2022 in detail, that outlines the CLICL’s considerations for managing policyholders’ reasonable expectations and determining dividends, bonuses, and other discretionary benefits. I understand there is no change expected to the principles or practice by which the participating Transferring Policies are

managed, including the management of any discretionary aspects of the relevant participating fund. The actuary of Chubb Life the HK appointed under section 15(1)(b) of the Insurance Ordinance will continue to conduct necessary investigations for the business accordingly before and after the Transfer.

45. After the Proposed Schemes, I understand the dividend recommendations will continue to be assessed according to the existing Policy Dividend Declaration Policy for the participating Transferring Policies separately. There is no material change to the Policy Dividend Declaration Policy as a result of the Proposed Schemes, and both Companies have confirmed that there is no change to the rules and management of bonus distribution for the Transferring Policies in 2023. The dividend setting and declaration will subject to the same internal review and control process.
46. As such, I have no reason to believe the Proposed Schemes will lead to a materially adverse impact on the determination of discretionary benefits in relation to the participating policyholders of the Transferring Portfolio.
47. For universal life products, reasonable expectations considerations include the crediting rate setting, payment of policy benefits when due, and the ongoing management of the policies being consistent with the policyholders' understanding of the policy terms and conditions.
48. Prior to 1 July 2023, Chubb Life HK will establish new sub funds for the assets and liabilities to be transferred from CLICL in accordance with section 22 of the Insurance Ordinance on the Effective Date. The CLICL universal life policies will be transferred from CLICL Life Fund to the newly created Chubb Life HK New Life Fund, which will be managed separately from the existing Chubb Life HK Legacy Life Fund.
49. I understand, from discussions with the Companies, that there are no planned changes to the crediting rate setting methodology and its governance structure. There is no change in the Proposed Schemes to the product or the premium rates for the Transferring Policies.
50. Based on the above, I conclude that the reasonable expectations with respect to universal life policies will not be materially adversely affected by the Proposed Schemes.
51. For non-participating business other than universal life products, the reasonable benefit expectations are to receive their long term guarantees and contractual obligations on a timely basis, which is tied to the financial security of the Company. My review of the financial security is in the prior section "Impact of the Proposed Transfer on Financial Security".
52. I understand from discussions with CLICL and from the Proposed Scheme, there is no change to the contractual terms and other rights after the Transfer. Valid claims will continue to be paid when due in the same manner as before the Transfer. The assets backing the non-participating insurance liabilities of Transferring Policyholders will be segregated from the Chubb Life HK Policyholders.

53. Based on the above, I conclude that the reasonable expectations of both participating and non-participating CLICL policies will not be materially adversely affected by the Proposed Schemes.

Financial Security

54. For the Transferring Policyholders, the security to their long term guarantees and contract obligations is affected by the level of the reserves and the capital, together with additional security provided by the entity as a whole. Therefore, the solvency positions of the Companies prior to the Transfer and the expected overall solvency position of Chubb Life HK following implementation of the Proposed Schemes are key indicators to the financial security of the policyholders.
55. My review of the projected solvency ratios on the combined entity is in the prior section "Impact of the Proposed Transfer on Financial Security". The ratios will remain above CLICL's internal target ratio on both HKIO and HKRBC basis with management actions. Based on the baseline and sensitivities performed on the solvency ratios, I conclude the financial securities of the Transferring Policyholders will not be materially adversely affected by the Proposed Schemes.

Expected Levels of Customer Services

56. The Transferring Policies are currently being administered by the staff of CLICL. As and when the Proposed Schemes become effective, the Companies propose that these members of staff will cease to be employed by CLICL and immediately become employed by Chubb Life HK on terms which are no less favourable to them than the terms on which they are employed by CLICL. As such, there is no expectation to any change in the levels of service for the Transferring Policies once these become administered by Chubb Life HK.

Other Considerations

57. I have reviewed in respect of other matters such as claims settlement, investment management, capital management, underwriting, risk management and expense levels in relation to the security of Transferring Policyholders' contractual rights and levels of service provided. I consider that the Proposed Schemes will have no adverse material effect on the Transferring Policyholders.
58. The existing reinsurance agreements CLICL has entered will be transferred separately by way of novation to Chubb Life HK. CLICL has notified the reinsurers. The legal team of CLICL and Chubb Life HK are in process of drafting and signing new agreements with the reinsurers to novate the existing terms and conditions under these arrangements to Chubb Life HK. The expectation is for all the new agreements to take effect on the Effective Date.
59. In summary, I have concluded that in relation to Transferring Policyholders:
- Total reserves for the Transferring Portfolio will be calculated using established methods and valuation bases that satisfy the Hong Kong regulatory standards and the underlying methodology is not expected to be changed.

- The solvency ratio for the Transferring Business will remain almost unchanged, since the CLICL block is larger than the Chubb HK Life portfolio.
- The DST analysis has demonstrated the solvency positions and the remediation strategy of each Company before the Transfer are above regulatory requirement.
- Based on the various documents provided to me, the Transferring Policyholders will continue to be protected. All aspects related to capital, investment and risk management are not materially adversely impacted as a result of the Proposed Schemes.
- Based on my assessment, the Scheme is unlikely to expose the Transferring Policyholders to new risks of significance.

Impact on Chubb Life HK Policyholders

Contractual Benefits and Other Rights

60. Chubb Life HK has confirmed that under the Proposed Scheme, there are no intended changes to the contractual benefits and rights of the Chubb Life HK Policyholders.
61. Chubb Life HK has explained to me their commitment to continue servicing their existing policyholders on the same contractual terms after the Transfer.

Reasonable Benefit Expectations

62. Chubb Life HK only offers reversionary bonus. I have reviewed in detail Chubb Life HK's Reversionary Bonus Declaration issued on April 2022. I understand it is Chubb Life HK's Appointed Actuary's duty to define the philosophy and assumptions for the determination of non-guaranteed benefits, and the Board, on the advice of the Appointed Actuary, is ultimately responsible for the interpretation of policyholders' reasonable expectation and deciding the bonuses declaration.
63. The Company has confirmed to me that there is no material change to the Reversionary Bonus Declaration Policy for 2023 as a result of the Proposed Schemes, and that there are no changes intended to its management and governance structure it currently has in place.
64. The Company has informed me that after the Proposed Schemes, there will not be any significant change to the existing principles and method for the determination of non-guaranteed bonuses and other discretionary benefits with respect to the participating policies. The Companies will review the historical financial performance, policyholders' reasonable expectations, recent interest environment and future investment outlook, and actions taken in the past into considerations.
65. Given the assets backing the participating insurance liabilities of Chubb Life HK Policyholders will be segregated from the CLICL Transferring Policyholders (detailed in paragraph 22), I do not expect the Transfer to have any material impact on the assets backing the liabilities in relation to the existing Chubb Life HK policies.

66. As explained in paragraph 21, all products, both participating and non-participating, offered by Chubb Life HK starting 1 July 2023 will be identical to the products currently sold by CLICL. All policies underwritten by Chubb Life HK on and after 1 July 2023 will be allocated to the Chubb Life HK New Life Fund or the Chubb Life HK New Linked Fund respectively. All contractual terms, including the dividend scale and crediting rate that have been approved for 2023, will apply to the new policies underwritten by Chubb Life HK on and after 1 July 2023. Therefore, I have no reason to believe the reasonable benefit expectation of policyholders purchasing Chubb Life HK products after 1 July 2023 will be adversely affected after pooling with Transferring policies from CLICL in the same fund.
67. For non-participating, the reasonable benefit expectations to receive their long term guarantees and contractual obligations on a timely basis is tied to the financial security of the companies. I have provided my review on the solvency positions of Chubb Life HK after the Transfer in the prior section.
68. I understand from discussions with Chubb Life HK and from the Proposed Schemes, there is no change to the contractual terms and other rights after the Transfer. Valid claims will continue to be paid when due in the same manner as before the Transfer.

Financial Security

69. For the Chubb Life HK Policyholders, the security to their long term guarantees and contract obligations is affected by the level of the reserves and the capital after the Transfer.
70. The details of the financial positions after the Transfer are explained in the prior section. After the Transfer, both Chubb Life HK Policyholders and the Transferring Policyholders will benefit from a greater level of total surplus level which gives more certainty and security to the protection of the Chubb Life HK Policyholders' benefits. Based on the baseline and sensitivities performed on the solvency ratios, I conclude the financial securities of the Transferring Policyholders will not be materially adversely affected by the Proposed Schemes.

Cost and Expenses in Relation to the Scheme

71. Under the Proposed Schemes, CLICL will bear the cost and expenses related to my appointment as the Independent Expert, and the cost of implementation of the Schemes will be borne by Chubb Life HK and met by Chubb Life HK's Shareholders' Fund. The Transferring Policyholders and Chubb Life HK Policyholders will not bear any of the costs of implementing the Proposed Schemes, including and not limited to those relating to project management, legal, tax and actuarial consultancy costs, licensing fees and policyholder mailings or other communicative expenses. The total costs and expenses anticipated to be incurred in this regard are estimated to be approximately USD 1 million, the impact of which would be less than one percentage point on Chubb Life HK's solvency ratio and so there should be no adverse impact on the Transferring Policyholders and the Chubb Life HK Policyholders.
72. The Companies have confirmed that the costs and expenses incurred in relation to the Transfer will not lead to an increase to the unit costs charged to Policyholders' benefits nor a reduction in the Policyholders' dividend level. The costs however will have an impact on the Company's solvency position in 2023. Given the estimated total costs and expenses, the impact should be less than one

percent point on Chubb Life HK's solvency ratio. There should be no adverse impact to the Transferring Policyholders and the Chubb Life HK Policyholders.

Expected Levels of Customer Services

73. Chubb Life HK confirms to me that there is no expected change in levels of service and business practices as the support will be provided by the same personnel that currently handle these operations for both CLICL and Chubb Life HK under the Policy Administration Agreement. These employees will cease to be employed by CLICL and will be offered employment with Chubb Life HK and their terms of employment of the employees that support the operations of CLICL and Chubb Life HK will remain unchanged.

Other Considerations

74. Both CLICL and Chubb Life HK investment strategies are jointly managed by Chubb Group's and local teams. I understand the current policy, management and governance structure will remain unchanged after the Transfer. The investment strategy and the Strategic Asset Allocation ("SAA") determining principles are unaffected by the Transfer for the Companies. Since the investment policies and asset allocation will be maintained separately in the newly created sub funds. Therefore, I have no reason to believe the Proposed Schemes will have a material adverse impact on the Chubb Life HK Policyholders.
75. Currently, some business of Chubb Life HK's Long Term Business is reinsured with Cigna Global Reinsurance Company Limited. There will be no change to those reinsurance treaties post the Transfer. Cigna Global Reinsurance Company Ltd. will continue to provide the coverage to those policies under the same terms.

Conclusions

76. Based on the above, my opinion is that:
- the Proposed Schemes will not adversely affect the contractual benefits or rights of the Transferring Policyholders or the Chubb Life HK Policyholders in any respect;
 - the Proposed Schemes will not adversely affect the reasonable benefit expectations of the Transferring Policyholders or Chubb Life HK Policyholders in any respect;
 - the Proposed Schemes will not adversely affect the financial security of the Transferring Policyholders' benefits or the Chubb Life HK Policyholders in any respect;
 - the Proposed Schemes will not adversely affect the expected levels of service for the Transferring Policyholders or the Chubb Life HK Policyholders in any respect; and
 - the Proposed Schemes provide sufficient safeguards to ensure that they operate as presented.

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Independent Expert

