

**SCHEME OF TRANSFER  
OF LONG TERM INSURANCE BUSINESS**

**from**

**MLB INSURANCE LTD. (FORMERLY STANDARD LIFE ASSURANCE  
COMPANY BERMUDA LIMITED)**

**to**

**THE MANUFACTURERS LIFE INSURANCE COMPANY (BERMUDA  
BRANCH)**

**Circular to Policyholders**

**5 May 2015**

**MLB INSURANCE LTD. (FORMERLY STANDARD LIFE ASSURANCE  
COMPANY BERMUDA LIMITED) and  
THE MANUFACTURERS LIFE INSURANCE COMPANY (BERMUDA BANCH)**

**POLICYHOLDERS CIRCULAR**

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## **THE TRANSFER**

### **Introduction**

This document contains background information on the proposed transfer of life insurance business from MLB Insurance Company Ltd. (formerly Standard Life Assurance Company Bermuda Limited) (“**Transferor**”) to The Manufacturers Life Insurance Company (Bermuda Branch) (“**Transferee**”) to be effected by a scheme of transfer (“**the Scheme**”) pursuant to section 25 of the Bermuda Insurance Act 1978. It includes information on the background to and reasons for the proposed transfer, the effect on policyholders, and a summary of the terms of the Scheme and the report of an approved actuary on the likely effects of the transfer on long term policyholders.

### **Background to the Transfer**

The Transferor is an insurance company registered under the Insurance Act 1978 of Bermuda (“**the Act**”) as a Class E insurer authorised to carry on long term business. The Transferor is regulated by the Bermuda Monetary Authority (“**BMA**”).

Until 30 January 2015 the Transferor was indirectly owned by Standard Life plc, a UK based financial services group. On 30 January 2015, The Manufacturers Life Insurance Company (“**Manulife**”) acquired all of the Canadian subsidiaries of Standard Life plc which indirectly included all of the shares of the Transferor (the “**Acquisition**”).

The Transferee is the Bermuda branch of Manulife, a Canadian company and a member of the Manulife group of Companies (the “**Manulife Group**”). The Manulife Group is a leading Canada based financial services company with principal operations in Canada, Asia and the United States.

The Transferee is authorised to conduct insurance business outside of Bermuda from within Bermuda. The Transferee is registered as a Class C insurer under the Act is

thereby authorised to carry on long term business. The Transferee is regulated by the BMA.

The purpose of the Scheme is to consolidate these two Manulife Group insurance businesses operating in Bermuda, namely, MLB Insurance Ltd. and The Manufacturers Life Insurance Company (Bermuda Branch), into one entity, namely, The Manufacturers Life Insurance Company (Bermuda Branch).

### **Effect of the Transfer on Policyholders**

Following completion of the Scheme, the life insurance business, and the assets and liabilities, of the Transferor, including all of its in-force insurance policies, will be transferred to and become the assets and liabilities, and insurance policies, of the Transferee. The effect of the transfer is to replace the Transferor with the Transferee as the insurer in relation to the transferring policies. The transfer of itself will not change any of the terms or conditions of the policies originally issued by the Transferor. This means that there will be no change to your existing coverage, premiums or rights under your policy as a result of the transfer. Your policy will remain in force and will be enforceable against the Transferee according to its original terms.

### **Approved Actuary's Report**

Ms. Naomi Bazak of Manulife (the "**Approved Actuary**") was approved by the BMA pursuant to section 25 (3) of the Act to provide an actuary's report on the effects of the Scheme on the life insurance (long term included) policyholders of the Transferor, in accordance with the provisions of the Act. The Approved Actuary has concluded that:

- the Scheme should have no material adverse effect on the reasonable benefit expectations of the Transferor's life policyholders transferring into the Transferee;
- the Scheme should have no material adverse effect on the financial security of the contractual rights of the Transferor's life policyholders transferring into the Transferee; and
- the Scheme provides sufficient safeguards to ensure that it operates as presented.

The Approved Actuary's summary report is attached as Schedule A.

## THE TRANSFER SCHEME

### The Court Proceedings

Since both the Transferor and the Transferee carry on life insurance (long term included) and are regulated by the BMA the transfer scheme must be sanctioned by the Supreme Court of Bermuda (“**the Bermuda Court**”) pursuant to section 25 of the Act.

In deciding whether or not to sanction the Scheme, the Bermuda Court will take into account a number of factors, including the report by the Approved Actuary.

You are entitled to attend the Bermuda Court proceedings. You are also entitled to be heard at the proceedings if you think that you might be adversely affected by the implementation of the Scheme. The Bermuda Court hearing to sanction the Scheme shall take place on 15 July 2016 at 9:30 o’clock.

If you wish to be heard at the Bermuda Court proceedings, you are asked to provide not less than three (3) clear days’ prior notice in writing and to give the reasons why you wish to be heard.

This information should be sent to the Transferor’s attorneys, Appleby (Bermuda) Limited, for the attention of:

John Riihiluoma at Canon’s Court, 22 Victoria Street, Hamilton HM EX, Bermuda,  
fax: (1) 441-298-3360, email: [jriihiluoma@applebyglobal.com](mailto:jriihiluoma@applebyglobal.com).

We have arranged for copies of the following documents to be available for you to view at Transferor’s registered office at Canon’s Court, 22 Victoria Street, Hamilton, Bermuda:

1. The full Approved Actuary’s report;
2. The Amended Petition requesting the Bermuda Court to approve the Scheme (also posted on the Transferee’s web site <http://www.manulife.com/MLBItransfer>).
3. The Scheme (also posted on the Transferee’s web site <http://www.manulife.com/MLBItransfer>).

You may inspect copies of these documents from 9:00 am to 5:00 pm on Monday to

Friday, until the date of the hearing of the Amended Petition.

### **The Transfer of Assets and Liabilities**

At 00:00 Bermuda Time on the transfer day when the Scheme comes into force (the “**Completion Date**”), all of the assets and liabilities, except for the excluded assets and liabilities of the Transferor will be transferred to the Transferee.

All policies that have been issued by the Transferor up to the Completion Date will be transferred to the Transferee (“**the Transferring Policies**”). The Transferee will take over the Transferor’s contractual rights and obligations in relation to these policies. In other words, the Transferee will replace the Transferor as the insurer in respect of the Transferring Policies.

For the purpose of administering the Transferring Policies effectively and fairly the Transferee, will segregate the Transferring Policies within its business segments and will allocate Transferring Policies within these segments in accordance with the Scheme.

With effect from 00:00 Bermuda Time on the Completion Date and subject to the provisions of the Scheme, every holder of a Transferring Policy will be entitled to the same contractual rights against the Transferee under his or her policy as were available to the policyholder against the Transferor.

With effect from 00:00 Bermuda Time on the Completion Date, any premiums or other sums attributable or referable thereto continue to be payable in respect of the Transferring Policies will be credited to the Transferee. Any mandate, autopay or similar direct debit arrangement for the payment of premiums or other sums to, or benefit payments by, the Transferor will be transferred automatically to the Transferee.

### **The Transfer Date**

The Scheme becomes effective, and the Completion Date will occur:

- (a) once the BMA does not object (within the meaning of section 30JB(4)(b) of the Act) to the Transferor effecting a material change under the terms of the Act;
- (b) once an Order has been made by the Bermuda Court pursuant to section 25 of the Act, sanctioning the Scheme; and
- (c) on a date determined by the Transferor and Transferee, and published on the

website maintained by the Transfer at <http://www.manulife.com/MLBItransfer>  
on which the Scheme will become effective.

You will be notified of the date the Scheme becomes effective.