

Your World First

C/M/S/

Law . Tax

Life Insurance Group

A guide to our services and expertise

2014

Contents

////////////////////////////////////

Introduction	3
CMS – Your World First	4
Life Insurance Group – Overview	5
Our services and expertise	6
– Corporate transactions.....	6
– Regulatory advice, governance and compliance	6
– Product design and distribution.....	8
– Outsourcing and data management.....	8
– Risk transactions and reinsurance	9
– Investment management and derivatives	10
– Alternative asset classes and long-term finance	11
– Regulatory investigations and enforcement.....	12
– Dispute resolution.....	13
Key contacts	14



CMS stands out as a specialist partner for insurers and reinsurers looking to gain further insight into legal issues that affect the UK and the EU.

Reactions Insurance and Reinsurance Legal Survey 2013

Introduction

The life insurance industry is at the heart of the financial institutions sector, and plays a vital role in economies across Europe and beyond.

In recent years, economic headwinds, declining investment returns, continued improvements in life expectancy and regulatory upheaval have presented challenges for firms operating in this essential market.

Structural change, reorganisation and consolidation remain high on the corporate agenda. In a low growth environment, the search for competitive advantage (whether through the development of new markets and products, investment in new asset classes or enhanced efficiency in capital and risk management) has never been more important.

In this complex and highly regulated sector, our multi-disciplinary Life Insurance Group offers 'one stop' access to leading expertise and insight in core strategic and operational areas, including:

- Corporate transactions
- Regulatory advice, governance and compliance
- Product design and distribution
- Outsourcing and data management
- Risk transactions and reinsurance
- Investment management and derivatives
- Alternative asset classes and long-term finance
- Regulatory investigations and enforcement
- Dispute resolution

This guide provides an overview of our expertise and track record in these areas and gives further details of our team. If you would like to discuss any of our services in more detail, please feel free to contact any member of our team, or the CMS lawyers with whom you normally deal. We would be delighted to hear from you.



Paul Edmondson

Head of Life Insurance Group

T +44 (0)20 7367 2877

E paul.edmondson@cms-cmck.com



Your World First

CMS at a glance

At CMS we pride ourselves on putting the needs and wants of our clients first.

With over 2,800 lawyers, across 56 offices, CMS is the largest European law firm. Our business is truly international and we have a great understanding of the cultural and business variations that apply across the territories that we cover.

We combine strong local presence and capability with international delivery. This enables us to deliver services where our clients need it. Leading domestic and international organisations work with us because of our legal expertise and industry sector knowledge, combined with our extensive geographical scope.

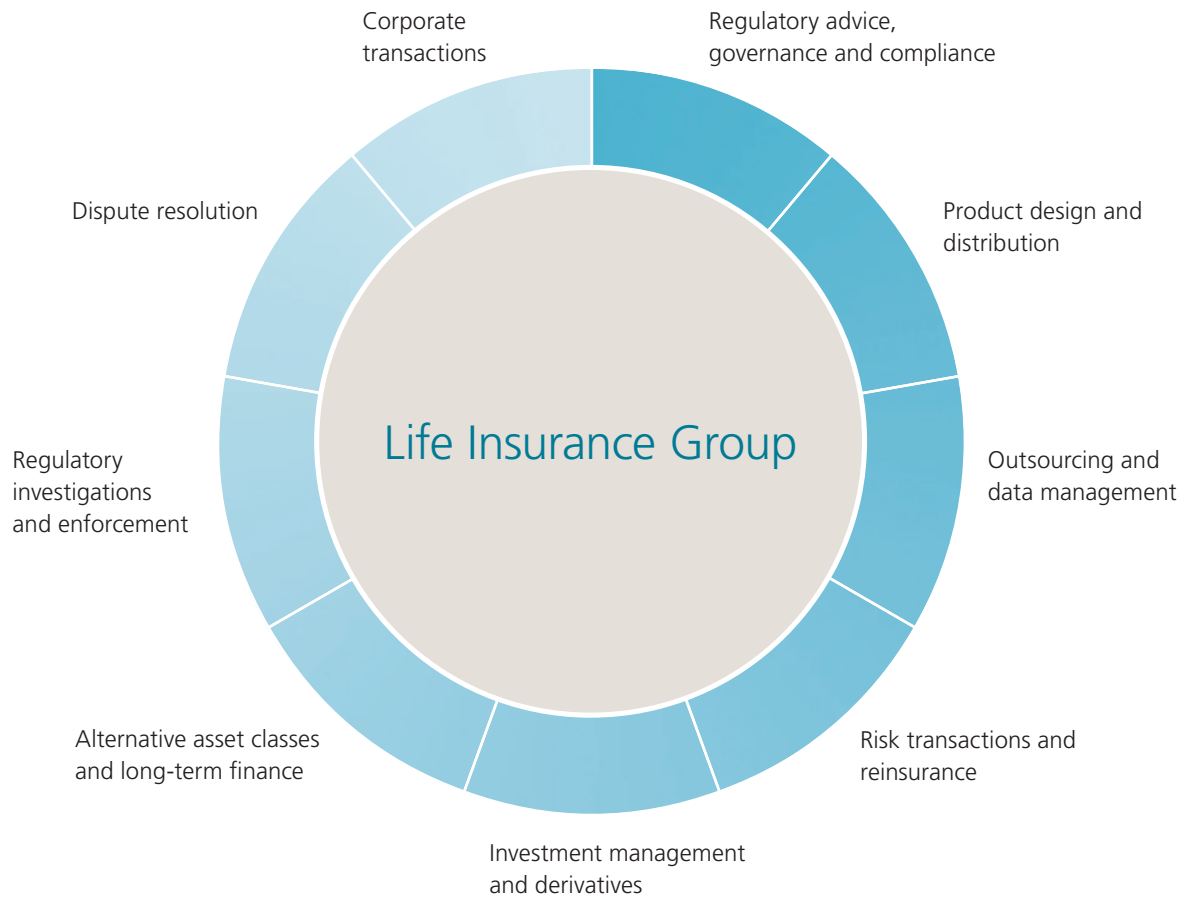
Sector focus

CMS was a pioneer in developing a sector-based approach to legal services.

As an integral part of our wider Financial Institutions and Services sector team, the Life Insurance Group is at the heart of our business – with our work for financial institutions of all types (including life insurers, reinsurers, retail and investment banks, investment managers and funds) accounting for more than 50% of our business.

Life Insurance Group - Overview

Our multi-disciplinary Life Insurance Group brings together leading lawyers from a wide range of practice areas across our firm – each with specialist expertise rooted in extensive experience of working with clients operating and investing in the sector.



'Highly regarded', 'provides sector specific expertise in the insurance industry.'

Chambers Guide , 2014

Our services and expertise

In the following pages we provide further details of the services we offer and our relevant expertise.

Corporate transactions

Our award winning Corporate team is recognised as one of the largest and most experienced in Europe. The team has extensive experience of advising on all aspects of insurance related transactions, including complex and high-value transactions in the life insurance, investment management and pensions sectors. Our corporate insurance teams work closely together on cross jurisdictional transactions. We have particular expertise in:

- Acquisitions, investments and disposals
- Group reorganisations
- Part VII and related insurance portfolio transfers
- Schemes of arrangement.

Selected credentials

Our recent experience includes advising:

- MetLife on European aspects of its acquisition of Alico from AIG
- Zurich and Aegon on their acquisition, and subsequent reorganisation, of a majority holding in 7IM
- Eureka on the disposal of its pensions administration business in Romania
- MetLife on the acquisition of Aviva's life and pensions subsidiaries in Czech Republic, Hungary and Romania
- AXA on the 100% sale of shares of its life insurance business in Hungary
- Alico on the transfer of a substantial part of the business of its UK branch to ReAssure, and the remainder of that branch business to group entities, in each case by Part VII transfer
- MetLife on the reorganisation of its European group in 19 European jurisdictions, including corporate changes of control, cross-border portfolio transfers, and in country and cross-border mergers
- Reliance Mutual on a policyholder scheme of arrangement
- a pension provider on the disposal of its SIPP book of business.



For companies seeking corporate advice in Europe, CMS appears to be the go-to firm.

Reactions Insurance and Reinsurance Legal Survey 2013

Regulatory advice, governance and compliance

With one of the largest financial services regulatory teams in the City of London, we have an outstanding track record of advising clients in the life insurance and investment management sectors.

We understand the technical nature of long-term insurance business, with experience of:

- obtaining authorisation for insurers and intermediaries
- assisting insurers with managing regulatory change such as RDR and Solvency II
- working with insurers on optimising capital management
- undertaking board effectiveness, product governance, TCF and compliance reviews and advising on governance arrangements, systems and controls



- advising on COBS compliance and money issues
- assisting insurers to prepare for regulatory visits
- management of with-profits books, including hypothecation and conversion
- advising on the regulatory aspects of mergers, acquisitions, disposals, outsourcing and distribution arrangements
- past-business reviews – from personal pensions to endowments and PPI
- regulatory investigations and enforcement (see page 12 for further details).

We have advised extensively on issues arising in relation to with-profits business, such as the market options in relation to closed with-profits funds, the hypothecation of with-profits books, the conversion of with-profits books to non-profit and the fairness of with-profits smoothing procedures.

Selected credentials

Our recent experience includes:

- working with firms on the implementation of RDR and design of RDR compliant products and sales processes
- helping insurers to prepare for FCA visits
- advising a number of firms on their overall governance framework, the governance of with-profits funds and the restructuring of governance and organisational structures
- drafting and reviewing numerous compliance manuals and procedures, and assisting in the establishment and review of systems and controls
- drafting COBS compliant product documentation
- advising on the adequacy of the client money protections offered on WRAP platforms
- advising an international life assurance group on a pan-European reorganisation
- advising on the implementation of auto-enrolment, including product development, compliance issues and communications.



CMS has a large group dedicated to financial services work that ‘has gone from strength to strength.’ Its flexibility, ability to adapt to changing conditions and seamless product that covers both sides of regulatory issues are much admired.

Chambers Guide, 2013

Product design and distribution

Drawing on the combined resources of our specialist Financial Services and Products Team, Pensions Team and Technology and Sourcing Team, we provide expert support to insurers and intermediaries on:

- product design and development (including regulatory and product governance reviews and policy wordings)
- the full range of distribution arrangements (including joint ventures, strategic alliances and internet platforms).

The breadth and quality of our practice is reflected in our consistently high ratings in Legal 500 and Chambers & Partners legal directories.

Selected credentials

Our recent distribution and product design work includes advising:

- numerous life companies on the development of RDR compliant products and distribution structures
- Clydesdale/Yorkshire Bank on its strategic alliance with AXA for the sale of life and protection products
- HSBC on its distribution arrangements with Aviva
- numerous providers on their SIPP and personal pension products
- Prudential on its single and multi-tie annuity distribution arrangements for health and annuity business (including via direct and IFA distribution channels)
- a global insurance provider on its strategic alliance with a bank for pan-European distribution of life and general insurance products
- MetLife on the sale of new insurance products from Ireland into numerous European jurisdictions
- insurers on the exercise of passport rights and development of compliant cross-border sales processes
- a UK life assurer on offering life wrapped investment products in over 25 jurisdictions outside the EEA
- a leading insurer on the creation of innovative long-term policies, including a bond linked to timeshare properties and a group personal pension
- a global life group on the development of a variable annuity product and its introduction into new European territories
- a pensions provider on the establishment of a multi-jurisdictional, multi-employer master trust pension offering
- a product provider on the establishment of a wrap platform.



In addition to CMS' provision of top-notch legal advice in over 15 jurisdictions worldwide, the firm has been an active and creative partner in the deployment of our products benefiting [us] and CMS clients worldwide. Delivering added value is something we expect from all our service providers and CMS has been a leader in the effort.

General Counsel, major international insurer

Outsourcing and data management

Our award winning Technology and Outsourcing team is recognised as one of the largest and most experienced in Europe, and regularly advises on high-value and complex strategic business process and information and communications technology outsourcing projects.

We have particular experience of working with insurers and other businesses operating in, and suppliers to, the insurance sector, advising on:

- all aspects of data protection, security and management
- outsourcing arrangements covering a vast range of functions including:

• customer relationship management	• administration
• finance and accounting	• transaction settlement
• fund management	• payment processing
• human resources	• IT and communications
• facilities management	



Selected credentials

Our recent experience in these areas include advising:

- a leading international insurance group on its local services agreements across multiple jurisdictions under an EMEA-wide framework for facilities management services
- a global insurance provider on the implementation of Solvency II compliant outsourcing arrangements, including drafting precedent outsourcing agreements for IT and business process outsourcings
- a leading international insurance group on the business process outsourcing of its life and pensions administration (including CRM), using a number of flexible service centres for multiple regulated business across the EMEA region, one of the largest outsourcings of its kind in the market
- a UK life insurance business on the SYSC compliance of its major IT outsourcing arrangements
- an insurer on the business critical migration of its data and applications to a managed co-location data centre solution
- a major insurer on the offshoring of customer contact centres for sales and claim handling for consumer lines
- a leading international insurance group on the procurement and development of a mobile application for smart devices in support of certain of its health insurance products
- a bulk annuity solutions provider on various data protection related work including trans-border data flows, preparing data flow contracts, binding corporate rules and the implications of being third party data processors
- a leading insurance group on the data protection compliance of its claims management portal and related arrangement
- an international life insurance group on its privacy policy, the handling of customer data and data exports.

Risk transactions and reinsurance

Our team has an exceptional track record of advising on complex and high value risk transfer and financing transactions in the life and pensions sectors, and on the treatment, structuring and recognition of insurance risk mitigation techniques (including reinsurance) and associated counterparty credit risk management.

Consistently ranked among the country's top insurance and reinsurance practices by both Chambers and Legal 500 directories, we also routinely advise on life reinsurance treaties, wordings and clauses, whether in isolation or in the context of wider reinsurance and retrocessional programmes.

Drawing on the resources of our highly-ranked corporate, derivatives, regulatory and pensions teams, we have particular expertise in:

- indemnity and index-based longevity risk transactions
- pension buy-ins and buy-outs
- VIF monetisations
- bulk annuity reinsurances
- fronting arrangements and associated structures
- counterparty credit support/collateral arrangements
- reinsurance partnering agreements and related arrangements.

Selected credentials

Our recent experience in this area includes advising:

- SCOR on its reinsurance of €1.4 billion of longevity/mortality risk hedged by Aegon
- Abbey Life Insurance Company Limited on its £500 million longevity insurance transaction with the trustee of the Rolls-Royce & Bentley Pension Fund, and associated reinsurance arrangements
- a European-based reinsurer on its reinsurance of a proportion of demographic risks associated with an £800 million portfolio of non-profit annuity business and associated credit support arrangements
- a major financial institution on a proposed VIF monetisation transaction relating to an underlying portfolio of European mortgage-related protection business
- MetLife Assurance Ltd on the Vivendi buy-out
- various life sector clients on counterparty credit risk management and mitigation issues under current and prospective prudential rules and developing and implementing associated collateral and credit support structures
- a capital markets investor acquiring a proportion of £12 billion index-based longevity risk assumed by Deutsche Bank AG under an underlying derivative with Aegon
- the insurance business unit of a major financial institution on arrangements for the appointment of strategic reinsurance partners in respect of its ongoing long-term insurance business
- a major international life insurance group on the reinsurance aspects of its group re-structuring including intra-group reinsurance agreements between UK and US operating subsidiaries arising from the sale of a group's reinsurance business.

We also advise regularly on reinsurance wordings and product development:

- we are the architect of the 'ReWord' database, a comprehensive, qualitative and interactive database of market and client specific reinsurance clauses, which won the British Award for Technology in 2008
- we have pioneered automated online checks for treaty reinsurance wordings
- we have drafted numerous treaties and outwards protections for life companies.



CMS fields a strong team of practitioners renowned for their experience in handling pensions and longevity risk transactions and OTC derivatives. Market sources are impressed with the 'expertise and depth of knowledge' demonstrated by the team.

Chambers Guide, 2013

Investment management and derivatives

We have expertise in all aspects of insurers' investment activities and arrangements, from the negotiation and documentation of custody and investment management agreements, through to the mitigation of market risk (including through derivatives), stock lending and repo arrangements, collateral upgrade transactions and the structuring of investments in alternative asset classes and other forms of long-term finance (see page 11).

Consistently ranked highly by both Chambers and Legal 500 directories, our team also routinely advise on the implications of current regulatory reforms (including, for example, as a result of AIFMD and EMIR).

Selected credentials

Our recent experience in these areas include advising:

- a number of long-term insurers and reinsurers on global and specific custody arrangements with all of the major providers of custody services
- insurers and other institutional investors on investment management agreements and investment in pooled funds
- a number of insurers on bespoke fund arrangements (open ended and closed ended, UCITS and non-UCITS) both in the UK and overseas, working with our own CMS offices or preferred overseas counsel
- a major international insurance group on the negotiation and documentation of collateral upgrade transactions (or 'liquidity swaps').



CMS Cameron McKenna 'always takes a pragmatic approach, and delivers on its promise to protect the client and get the deal done.'

Legal 500

Alternative asset classes and long-term finance

We are experienced in advising life insurers and their investment arms in creating long term liability-matching assets through investments in sectors such as real estate, infrastructure and energy.

Drawing on the resources of our market-leading Infrastructure and Project Finance, Energy and Real Estate teams, we have deep-rooted expertise in structuring investments in these sectors to provide a level of risk commensurate with the risk appetite of insurers and their associated investment funds.

We have advised on all aspects of real estate investment and development financings (including 'alternative' real estate investment sectors such as hotels, hospitals and student accommodation). Our track record in infrastructure and energy is second to none.

We also have extensive experience of advising potential bidders in relation to the acquisition of performing or distressed loans from banks seeking to deleverage their balance sheet to improve core Tier 1 capital ratios. These loan portfolios have included portfolios comprised principally of corporate loans, real estate loans, project finance loans or renewable energy loans.

Selected credentials

Our recent experience in these areas include advising:

- a fund established by an insurance company on a substantial investment in a combined heat and power energy centre with a long-term off-take contract, yielding a 25 year fixed rate real return
- an insurer on the acquisition of a portfolio of long-dated social infrastructure loans and related interest rate swaps
- a self-storage operator on a £100 million 15 year fixed rate loan with the financing arm of a major UK insurer which was used to refinance a significant portion of its core bank facility
- the asset management arm of a major reinsurance company in its acquisition of a portfolio of operational wind farms
- M&G on the forward funding of Premier Inn hotels at Gatwick Airport and Stansted Airport (as well as on the acquisition of other hotels and lease-down to various operators)
- the Dutch Infrastructure Fund in relation to the financing for its investment in an 11.7MWp tranche of the Gabardan solar PV power project in south-west France
- a property investment fund on the forward funding of a large office block in Hammersmith, which involved the fund advancing monies to the developer to cover construction costs during the build period plus a potential profit payment to them following completion
- various specialist infrastructure funds providing mezzanine finance in relation to shadow toll roads and projects in the rail sector
- on the £630 million financing for the joint venture acquisition of St Mary Axe, London (the 'Gherkin') from Swiss Re.

Regulatory investigations and enforcement

Our specialist contentious regulatory team specialises in advising firms in the financial services sector on avoiding, managing and resolving regulatory action and investigations.

We combine in-depth knowledge of regulated businesses and the relevant regulatory requirements and expectations with significant experience of handling FCA investigations and court proceedings. We have represented firms in over 300 regulatory investigations and enforcement actions brought by the FCA and its predecessors and overseas regulatory authorities.

We advise insurers throughout the entire investigation and enforcement process taking every step to protect their position and to achieve an optimal outcome. This includes managing regulatory site visits, responses to document requests, preparing and accompanying staff to interviews, drafting effective submissions to the regulator, representing clients before regulatory tribunals and advising on remedial action.


We have particular expertise in:

- helping firms prepare for supervisory and thematic visits
- advising and managing firms' responses to section 166 skilled person appointments and reports
- assisting firms in making effective notifications to the FCA/PRA
- managing FCA investigations into firms and their senior management
- overseeing and advising on the conduct of past business reviews and remedial action
- advising on dealing with Financial Ombudsman complaints (including bringing judicial review proceedings).

Selected credentials

Our recent experience in this area includes advising:

- a firm on an FSA investigation and enforcement action into the governance arrangements surrounding the management of its with-profits fund
- the Chairman and Chief Executive of a long-term insurer under FCA investigation
- a life company on dealing with the FCA on issues surrounding administration failings in its legacy business
- a life company on its response to a section 166 skilled person report into its Board effectiveness
- a life company on preparing a report for submission to the FSA on the governance arrangements and suitability of the purchase of derivatives for its with-profits fund addressing its management of conflicts of interests
- an insurer in connection with a wide ranging investigation and enforcement action covering governance arrangements, complaints and claims handling, training and remuneration arrangements
- a life company in preparing it for a supervisory visit from the FSA and an overseas regulatory authority.

 They are probably one of the best in the marketplace. We wanted to make sure we had strong support in a very difficult time and that was achieved.

Client feedback CEO insurer



Dispute resolution

Our full service dispute resolution team has a strong track record in the insurance and wider financial institution sectors. We specialise in all forms of litigation, arbitration and ADR, and we offer (in addition to our capabilities in contentious regulatory work) in-depth expertise in disputes arising across the full range of business activities, including:

- corporate and M&A
- pensions
- banking, finance and derivatives
- investment management
- information technology and sourcing
- IP and competition.

We also have extensive experience of advising life companies on contentious issues arising from inwards/outwards reinsurance and retrocession claims and business. Many such disputes will be referred to arbitration and our team is a recognised leader in this area with substantial experience. Where Court proceedings do arise in this specific area, we act at all levels.

Selected credentials

Our experience includes advising:

- a leading financial institution on a dispute with an investment fund relating to the exercise of certain shareholder rights following the fund's transfer of £100 million of syndicated equity and debt
- various institutional investors in relation to claims brought against an investment bank for (alleged) breaches in connection with a discretionary investment mandate
- a major financial services company in its defence of proceedings brought by the FSCS in relation to the promotion of certain investment products
- advising a number of leading reinsurers and life insurers on domestic and international disputes relating to reinsurances in respect of underlying accident, health and workers' compensation risks with aggregate values in excess of \$1 billion
- acting in a substantial number of PA, treaty and facultative disputes in variety of area including aggregation, commutation, claims control, cession of risks, and general treaty/contract interpretation and coverage issues
- representing a life company in court litigation over intermediary issues and claims of fraud in the placement of occupational accident business
- acting on numerous Part 7 and Part 8 pension claims.



They were fantastic throughout; incredibly supportive, very thorough and very professional.

Chambers Guide, 2014 (Client feedback)

Key contacts

Corporate transactions

**Chris Southorn**

Partner

T +44 (0)20 7367 3603**E** chris.southorn@cms-cmck.com**Helen Johnson**

Partner

T +44 (0)20 7367 3339**E** helen.johnson@cms-cmck.com

Regulatory advice, governance and compliance

**Paul Edmondson**

Partner

T +44 (0)20 7367 2877**E** paul.edmondson@cms-cmck.com**Simon Morris**

Partner

T +44 (0)20 7367 2702**E** simon.morris@cms-cmck.com

Product design and distribution

**Keith Webster**

Partner

T +44 (0)20 7367 2392**E** keith.webster@cms-cmck.com**Paul Edmondson**

Partner

T +44 (0)20 7367 2877**E** paul.edmondson@cms-cmck.com

Outsourcing, commercial contracts and data management

**Ian Stevens**

Partner

T +44 (0)20 7367 2597**E** ian.stevens@cms-cmck.com**Emma Burnett**

Partner

T +44 (0)20 7367 3565**E** emma.burnett@cms-cmck.com

Risk transactions and reinsurance

**Mike Munro**

Partner

T +44 (0)20 7367 3315**E** mike.munro@cms-cmck.com**James Parker**

Partner

T +44 (0)20 7367 3316**E** james.parker@cms-cmck.com

Pensions



Pete Coyne
Partner
T +44 (0)20 7367 2748
E peter.coyne@cms-cmck.com



Dominic Harris
Partner
T +44 (0)20 7367 3361
E dominic.harris@cms-cmck.com

Investment management



Ash Saluja
Partner
T +44 (0)20 7367 2734
E ash.saluja@cms-cmck.com



Paul Edmondson
Partner
T +44 (0)20 7367 2877
E paul.edmondson@cms-cmck.com

Derivatives



Jason Harding
Partner
T +44 (0)20 7367 3138
E jason.harding@cms-cmck.com



Will Dibble
Partner
T +44 (0)20 7367 3378
E will.dibble@cms-cmck.com

Alternative asset classes and long-term finance



Nancy Eller
Partner
T +44 (0)20 7367 3412
E nancy.eller@cms-cmck.com



Mark Heighton
Partner
T +44 (0)20 7367 2177
E mark.heighton@cms-cmck.com

Regulatory investigations and enforcement



Simon Morris
Partner
T +44 (0)20 7367 2702
E simon.morris@cms-cmck.com



Alison McHaffie
Partner
T +44 (0)20 7367 2785
E alison.mchaffie@cms-cmck.com

Dispute resolution



Stephen Netherway
Partner
T +44 (0)20 7367 3015
E stephen.netherway@cms-cmck.com



Maxine Cupitt
Partner
T +44 (0)20 7367 2865
E maxine.cupitt@cms-cmck.com

Law-Now™

CMS Cameron McKenna's free online information service

Receive expert commentary and analysis on key legal issues affecting your business. Register for free email alerts and access the full Law-Now archive at www.law-now.com

CMS Cameron McKenna LLP
Mitre House
160 Aldersgate Street
London EC1A 4DD

T +44 (0)20 7367 3000
F +44 (0)20 7367 2000

The information held in this publication is for general purposes and guidance only and does not purport to constitute legal or professional advice.

CMS Cameron McKenna LLP is a limited liability partnership registered in England and Wales with registration number OC310335. It is a body corporate which uses the word "partner" to refer to a member, or an employee or consultant with equivalent standing and qualifications. It is authorised and regulated by the Solicitors Regulation Authority of England and Wales with SRA number 423370. It is able to provide international legal services to clients utilising, where appropriate, the services of its associated international offices. The associated international offices of CMS Cameron McKenna LLP are separate and distinct from it. A list of members and their professional qualifications is open to inspection at the registered office, Mitre House, 160 Aldersgate Street, London EC1A 4DD. Members are either solicitors or registered foreign lawyers. VAT registration number: 974 899 925. Further information about the firm can be found at www.cms-cmck.com

© CMS Cameron McKenna LLP

CMS Cameron McKenna LLP is a member of CMS Legal Services EEIG (CMS EEIG), a European Economic Interest Grouping that coordinates an organisation of independent law firms. CMS EEIG provides no client services. Such services are solely provided by CMS EEIG's member firms in their respective jurisdictions. CMS EEIG and each of its member firms are separate and legally distinct entities, and no such entity has any authority to bind any other. CMS EEIG and each member firm are liable only for their own acts or omissions and not those of each other. The brand name "CMS" and the term "firm" are used to refer to some or all of the member firms or their offices. Further information can be found at www.cmslegal.com