

AIA Australia



**AIAA Appointed Actuary's Report on the
Proposed Part 9 Transfer**

of the

Retail Advised and Ex-QBE Business

of

Integrity Life Australia Limited

to

AIA Australia Limited

December 2024

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1 Executive summary

1.1 Scope

It is proposed that the retail advised business and ex-QBE business (the "Transferring Business") of Integrity Life Australia Limited ("ILAL") be transferred to AIA Australia Limited ("AIAA") by a scheme in accordance with Part 9 of the Life Insurance Act 1995 ("the Scheme" or "Part 9 Transfer"). The Scheme target effective date is 12.01am AEST on 1 March 2025 ("Scheme Effective Date").

This report considers the nature and impact of the proposed Part 9 Transfer on the interests of "Existing AIAA Policy Owners" and the benefit security of "Transferring ILAL Policy Owners" (as defined in Appendix A) as at the Scheme Effective Date.

I, Nghiep Luu, have prepared this report as the Appointed Actuary of AIAA. In providing my opinion with regard to the proposed Part 9 transfer on the interests of Existing AIAA Policy Owners, I considered its effect on the following areas:

- Contractual benefits and rights;
- Reasonable benefit expectations; and
- Benefit security.

In providing my opinion with regard to the proposed Part 9 transfer on the interests of Transferring ILAL Policy Owners, I have considered its effect solely on benefit security.

This report is subject to reliances and limitations which are set out in Section 9 of this report.

In preparing this report, I have considered the interests of existing AIAA Policy Owners and associated underlying beneficiaries, and Transferring Policy Owners and associated underlying beneficiaries..

In providing my opinions, I have focused on the changes that arise as a result of the proposed Part 9 transfer in relation to what would occur should the proposed Part 9 transfer not proceed, referred to as "ILAL's Retail Contingency Plan Forecast" later in this report. I have not focused on changes that might arise in the ordinary course of business irrespective of the proposed Part 9 transfer.

I have read, understood and complied with the Federal Court of Australia's Expert Evidence Practice Note GPN-EXPT and agree to be bound by it.

The report has been prepared in accordance with the professional requirements of the Institute of Actuaries of Australia, specifically:

- The Code of Professional Conduct; and
- Professional Standard 201: Actuarial Advice to a Life Insurance Company or Friendly Society.

For the purpose of section 191(2)(a) of the Life Insurance Act 1995, this report is an actuarial report on which the proposed Scheme, to be the subject of an application to the Federal Court of Australia for Confirmation, is based. This report will be provided to APRA in accordance with the regulations.

1.2 Background of the Proposed Part 9 Transfer

AIA Group ("AIA") is in discussion with the Integrity Group to acquire ILAL's retail advised and ex-QBE business, subject to securing all necessary regulatory and governmental approvals.

ILAL ceased writing new retail advised business on 29 September 2023 and is in the process of transferring its in-force business to other life insurers as part of an orderly wind-up of the company. ILAL's retail advised and ex-QBE business is small and has commercial value to AIAA if the costs associated with transferring the business are sufficiently low. Under the proposed Part 9 transfer, the Transferring Retail Life Policies will effectively be converted to comparable existing AIAA insurance products, thereby alleviating the need for AIAA to make costly changes to its systems.

ILAL Transferring Policy Owners will retain the core elements of their insurance cover, secured by AIAA, a large life insurer that has a long history of, and remains committed to, operating in Australia.

1.3 Summary of the Proposed Part 9 Transfer

It is proposed to complete AIAA's acquisition via a Part 9 Transfer of ILAL's retail advised and ex-QBE business into AIAA in accordance with Part 9 of the Life Insurance Act 1995.

Under the proposed Part 9 transfer:

- the assets and liabilities of ILAL's retail advised and ex-QBE business will transfer to AIAA, as described in the Scheme document;
- the "Transferring ILAL Life Policies" (as defined in Appendix A) will be transferred from ILAL's SF1 into AIAA's (existing) SF1; and
- the product terms and conditions of all Transferring ILAL Retail Life Policies will be replaced with those of AIAA's comparable retail product offering (known as "Priority Protection").

1.4 Report Approach

I have considered how the proposed Part 9 transfer will impact the interests of Existing AIAA Policy Owners, in particular their contractual benefits and rights, their reasonable benefit expectations in regard to their policy or policies, and the security of Policy Owners' benefits.

In relation to the Transferring ILAL Policy Owners, this proposed Part 9 transfer is different to most other Part 9 transfers because the primary consideration is benefit security and, to that end, an expeditious transfer. I have therefore limited my assessment of the proposed Part 9 transfer on the Transferring ILAL Policy Owners to benefit security.

I note that ILAL's Appointed Actuary and an independent actuary have prepared separate reports that consider the nature and impact of the proposed Part 9 transfer on the different groups of Policy Owners (the "ILAL Part 9 Actuarial Report" and the "Independent Actuary Report"). The ILAL Part 9 Actuarial Report considers the interests of Transferring ILAL Policy Owners and "Remaining ILAL Policy Owners" (as defined in Appendix A) as at the Scheme Effective Date, and The Independent Actuary Report

considers the interests of Transferring ILAL Policy Owners, Existing AIAA Policy Owners and Remaining ILAL Policy Owners.

I have considered how the proposed Part 9 transfer will impact the benefit security for Transferring ILAL Policy Owners.

In assessing these matters, I have had due regard to a number of areas impacting Existing AIAA Policy Owners and Transferring ILAL Policy Owners. Some of the major areas covered include:

- Financial strength;
- Capital and risk management;
- Proposed changes in product terms and conditions;
- Expense management and allocation;
- Product and pricing strategy;
- Claims management;
- Reinsurance arrangements;
- Costs associated with the proposed Part 9 Transfer; and
- Liabilities for pre-sale remediation obligations.

I have performed the following procedures:

- Reviewed the detailed corporate policy comparisons prepared by AIAA and ILAL staff.
- Confirmed that AIAA will undertake to exclude Transferring ILAL Life Policies from planned portfolio repricing in 2025, following approval of the Scheme by the Court.
- Considered ILAL's Retail Contingency Plan that forms the basis for what is expected to occur in the event the proposed Part 9 transfer does not proceed and the Transferring Business remains with ILAL.
- Considered the contractual benefits and rights, reasonable benefit expectations and benefit security of Existing AIAA Policy Owners and benefit security of Transferring ILAL Policy Owners to reach a conclusion around the reasonableness of these items.
- Assessed the reasonableness of the financial impact to AIAA of the proposed Part 9 transfer.

In performing the aforementioned procedures, I have placed key reliance on the appropriate AIAA and ILAL controls being in place and that the results have undergone a rigorous internal review process. I have specifically placed reliance on:

The completeness and accuracy of the statements and representations made by, and information provided by, AIAA and ILAL management and personnel.

- The financials as at 31 December 2023 produced by AIAA.
- ILAL's Retail Contingency Plan approved by ILAL's Board.
- The detailed product terms and conditions comparison performed by AIAA and ILAL.

- The detailed policy comparisons performed by AIAA and ILAL.

The preparation of this report has been conducted in accordance with the Confidentiality Agreement, which supplements the Transfer Deed, in order to allow necessary exchange of information between AIAA and ILAL.

1.5 Opinion on the Impact of the Proposed Part 9 Transfer for Existing AIAA Policy Owners and Transferring ILAL Policy Owners

Based on my assessments in this report, I conclude that the proposed Part 9 Transfer will not materially prejudice the interests of Existing AIAA Policy Owners and will improve benefit security of Transferring ILAL Policy Owners, in particular:

- The proposed Part 9 transfer will not adversely impact the contractual benefits and rights of Existing AIAA Policy Owners;
- The proposed Part 9 transfer will not adversely impact the reasonable benefit expectations of Existing AIAA Policy Owners;
- The security of Existing AIAA Policy Owners' benefits will continue to be appropriate post the proposed Part 9 transfer; and
- The proposed Part 9 transfer is necessary to provide adequate security for Transferring ILAL Policy Owners' benefits.

1.6 Reliances and Limitations

In preparing this report, I have relied on certain data and information provided by both AIAA and ILAL. Appendix B sets out a summary of the key data relied upon. Section 9 covers my full reliances and limitations.

2 Introduction

2.1 Scope of the Report

This report considers the nature and impact of the proposed Part 9 transfer on the interests of the Existing AIAA Policy Owners and on the benefit security of Transferring ILAL Policy Owners.

In providing my opinion in regard to the proposed Part 9 transfer, I considered the effect of the proposed Part 9 transfer on the following areas for the Existing AIAA Policy Owners:

- Contractual benefits and rights;
- Reasonable benefit expectations; and
- Benefit security.

In providing my opinion in regard to the proposed Part 9 transfer, I considered the effect of the proposed Part 9 transfer on benefit security for Transferring ILAL Policy Owners.

This report is subject to reliances and limitations which are set out in Section 9 of the report.

In preparing this report, I have considered the interests of both Policy Owners and underlying beneficiaries that are existing Policy Owners and underlying beneficiaries of AIAA and that are transferring to AIAA.

In providing my opinions, I have focused on the changes that arise as a result of the proposed Part 9 transfer relative to ILAL's Retail Contingency Plan Forecast. I have not focused on changes that might arise in the ordinary course of business irrespective of the proposed Part 9 transfer.

For the purpose of section 191(2)(a) of the Life Insurance Act 1995, this report is an actuarial report on which the proposed Scheme, to be the subject of an application to the Federal Court of Australia for Confirmation, is based. This report will be provided to APRA in accordance with the regulations.

2.2 Terminology

A glossary of terms, parties and relevant legislative instruments referred to in this report is included in Appendix A to help readers with the interpretation of this report.

2.3 Author of Report & Disclosures

This report has been prepared by me, Nghiep Luu, in my capacity as the Appointed Actuary of AIAA as at 12 December 2024 and as a Fellow of the Institute of Actuaries of Australia. I was appointed to the role of Appointed Actuary of AIAA in December 2024.

I have worked as an actuary in the Australian life insurance industry for 18 years. Commencing in 2007 at National Mutual / AXA, I have worked in a variety of actuarial, capital, valuation, pricing, and data roles at AXA Australia, AMP and AIAA.

I am bound by the Institute's Code of Conduct and professional standards, and I am required by the Federal Court of Australia's Expert Evidence Practice Note (GPN-EXPT) (Expert Evidence Practice Note) to provide independent and impartial advice. In accordance with the Expert Evidence Practice Note, I have made all the inquiries which I believe are desirable and appropriate, and that no matters of significance that I regard as relevant to my opinion have, to my knowledge, been withheld from the Federal Court of Australia (Court).

As an employee of AIAA, one of the subsidiaries of AIA Group, part of my remuneration includes a potential bonus, the value of which depends on the performance of AIAA and the AIA Group. I also have interests in AIAA and the AIA Group through AIA Group shareholdings and AIA Health Insurance.

Opinions provided are based wholly or substantially on the specialised knowledge acquired through actuarial training and experience as a practitioner.

Address: c/o 509 St Kilda Road, Victoria 3004, Australia.

2.4 The Independent Actuary

Mr David Goodsall, Director at Synge & Noble, has been engaged by AIAA and ILAL to prepare an independent actuarial opinion as to:

- Whether or not the proposed Scheme will materially prejudice the interests of Policy Owners of AIAA and/or ILAL;
- The security of Policy Owner benefits for Policy Owners of both AIAA and ILAL;
- The nature and reasonableness of any changes to contractual rights or benefits of Policy Owners of AIAA or ILAL; and
- Whether there will be an adverse impact on reasonable benefit expectations of Policy Owners of AIAA and/or ILAL.

2.5 Form of the Report

Section 3 of this report provides an overview of AIAA.

Section 4 of this report provides an overview of ILAL.

Section 5 provides an overview of the proposed Part 9 transfer structure and examines the consequences of the proposed Part 9 transfer.

Section 6 discusses the ramifications of the proposed Part 9 Transfer for the contractual benefits and rights, reasonable benefit expectations and benefit security of Existing AIAA Policy Owners.

Section 7 discusses the ramifications of the proposed Part 9 transfer for the benefit security of Transferring ILAL Policy Owners.

My opinion on the impact of the proposed Part 9 on Existing AIAA Policy Owners and benefit security for Transferring ILAL Policy Owners is summarised in Section 8.

3 Current State Overview of AIAA's Business

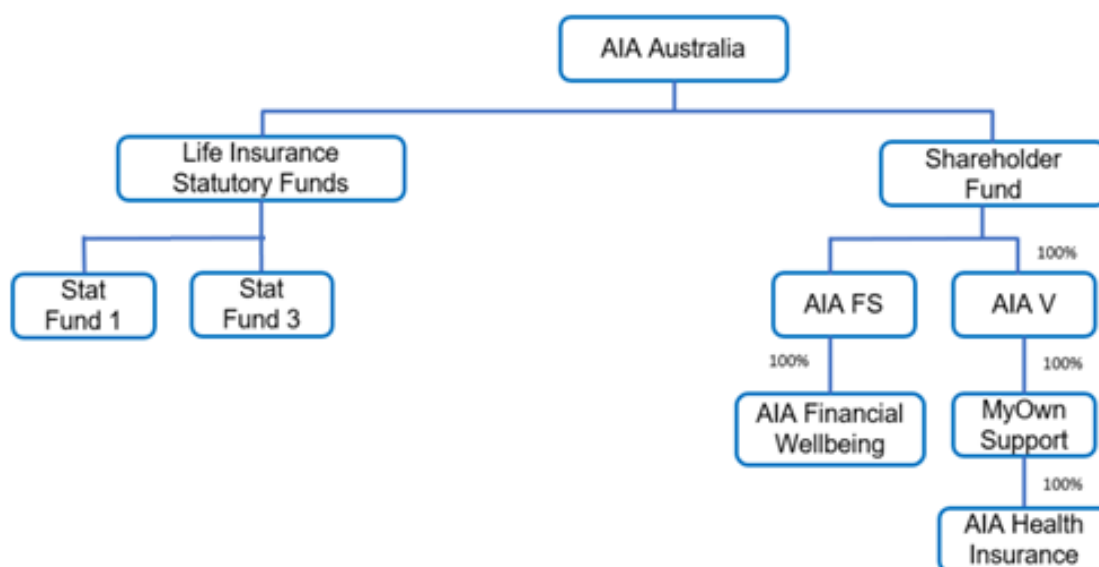
This section describes the current state of AIAA's business prior to the proposed Part 9 transfer.

AIAA operates as a life company under the Life Insurance Act 1995 ("the Life Act"). The assets and liabilities of AIAA are maintained in a shareholder's fund and separate statutory funds as required by the Life Act.

Since 28 February 2009 AIAA has been a wholly owned subsidiary of AIA Company Limited ("AIA Co"), a company incorporated in Hong Kong.

The following diagram illustrates the structure of the funds that AIAA maintains prior to the proposed Part 9 transfer.

Figure 1: AIAA fund structure prior to the proposed Part 9 transfer



In addition to the statutory funds maintained, Figure 1 also shows that the shareholder fund holds investments in AIA Financial Services ("AIA FS") and AIAV Pty Ltd ("AIAV").

3.1 Structure of Statutory Funds

AIAA's life insurance business is managed within two Statutory Funds:

- Statutory Fund No.1 (SF1) for non-investment linked business; and
- Statutory Fund No.3 (SF3) for investment linked ordinary business.

At 31 December 2023, AIAA operated three investment linked Statutory Funds in addition to SF1 and SF3. These Statutory Funds, SF1L, SF2L and SF4, have since been closed.

3.2 Key Business Line Descriptions

The following table sets out the business lines of AIAA as at the date of the report.

Table 1: AIAA business line description

Statutory Fund	Line of Business	Description
SF1	Group	Group Lump Sum (Death, Disablement, Trauma) and Income Protection insurance.
SF1	Individual	Individual Lump Sum (Death, Disablement, Trauma) and Income Protection insurance.
SF1	Credit Insurance	Credit insurance for various financing arrangements.
SF1	Traditional business	Participating Whole of Life and Endowment business.
SF1	Return of Premium	Money Back Term, Cashback Flexi.
SF1	Annuities	Term certain non-participating annuities.
SF3	Unit-Linked	Ordinary unit-linked regular/single premium savings and investment business.

3.3 Financial Strength

3.3.1 Capital Position

As at 31 December 2023, there was \$374m capital in excess of PCA for AIAA (in aggregate across all of its funds). Each of the Statutory Funds of AIAA had capital in excess of the relevant PCA and PCR as at 31 December 2023.

AIAA's capital position as at 31 December 2023 is shown in the following table.

Table 2: AIAA financial position by funds as at 31 December 2023

A \$'m	SF1	SF1L	SF2L	SF3	SF4	SHF	Total AIAA
Net assets	1,325	1	7	10	2	881	2,226
Regulatory Adjustments	(688)	-	-	-	-	(861)	(1,549)
Capital Base	637	1	7	10	2	19	677
Prescribed Capital Amount	301	-	-	0	-	2	303
Capital in excess of PCA	336	1	7	10	2	18	374
Capital Adequacy Multiple	212%	n.a.	n.a.	Large	n.a.	Large	223%

3.3.2 Parent Entity

AIAA is an entity within the AIA Group. AIA Group Limited and its subsidiaries comprise the largest independent publicly listed pan-Asian life insurance group. It has a presence in 18 markets and had total assets of US\$286 billion as of 31 December 2023. The AIA

Group serves the holders of more than 42 million individual policies and over 18 million participating members of group insurance schemes¹.

The long-term financial strength rating of AIA Co is AA-/Stable as measured by Standard's & Poor's ("S&P") as at 31 December 2023.

AIA Group has operated in Australia since 1972. It has shown its continued commitment to the Australian market enabling strong growth in AIAA businesses core to the AIA Group strategy.

3.4 Capital Management Framework

AIAA's capital represents important protection for Policy Owners and is maintained at a sufficient level to provide benefit security under a range of extreme adverse circumstances.

AIAA capital reserving and management strategy comprises a number of key elements:

- The Prudential Capital Requirement ("PCR") is required to be held in accordance with Life and General Insurance Capital ("LAGIC") Prudential Standards set by the Australian Prudential Regulation Authority ("APRA") within AIAA as a whole and each of its funds (statutory fund and shareholder's fund) in respect of its residual risk exposures.
- Additional "Target Surplus" (as defined in Appendix A) that it holds within its statutory funds and AIAA's SHF above its regulatory capital requirements (the PCR) in accordance with AIAA's Capital Management Framework, AIAA's Internal Capital Adequacy Assessment Process ("ICAAP") Summary Statement, and AIAA's Target Surplus Policy.
- Stress and Scenario Testing is used as an additional check that the overall capital is adequate for certain extreme but plausible scenarios.
- Managing capital levels in accordance with AIAA's Capital Management Framework and AIAA's ICAAP Summary Statement. This includes taking appropriate action to restore the capital position if capital levels drop below the targeted level of capital, as well as paying out sustainable dividends if capital levels exceed the targeted level of capital.

3.4.1 Regulatory Capital Requirements

AIAA meets the capital requirements for life insurance companies which are set out in a series of APRA Life Prudential Standards. The core framework for determining capital requirements is set out in Life Prudential Standard LPS 110 Capital Adequacy ("LPS 110"). To comply, a company must:

- Determine the capital base of the life company and each of its funds. The capital base of the life company and each of its funds is based on its net assets respectively, adjusted to recognise the quality of the support provided by various forms of capital.

¹ Figures in this paragraph are as at 31 December 2023.

- Determine the Prescribed Capital Amount ("PCA") of each of the life company's funds. The PCA for a life company is the sum of the PCA of each of its funds. LPS 110 states that the PCA is intended to achieve the outcome that, if a fund was to start the year with a capital base equal to the PCA and losses occurred at 99.5% confidence level, then the assets remaining would be at least sufficient to provide for the adjusted policy liability and "other liabilities" of the fund at the end of the year.
- Add any supervisory adjustments imposed by APRA on the life company and each of its funds. The total of the PCA and any supervisory adjustments is the PCR. Companies are not permitted to publicly disclose any supervisory adjustments. The PCR is a required level of capital for regulatory purposes.
- Ensure that, for the life company and each of its funds, the capital base exceeds the PCR at all times.

The objective of the above requirements is stated in LPS 110 to maintain sufficient capital in the life company and each of its funds to meet its obligations to Policy Owners under a wide range of circumstances.

The business is managed over time towards holding a target level of capital above the PCR.

3.4.2 Target Surplus Requirements

AIAA maintains additional capital buffers above PCR, referred to as Target Surplus. The principles of AIAA's Target Surplus Policy are:

- The level of Target Surplus is established to provide protection against breaching the regulatory capital requirements under LPS 110 as a result of unanticipated adverse events.
- The level of Target Surplus held is determined in line with the approved Risk Appetite.
- Varying management actions will be taken through regular monitoring of the current and forecasted capital position relative to Target Surplus in accordance with AIAA's Capital Management Framework.

3.4.3 Stress and Scenario Testing

Stress and Scenario testing is used in combination with other risk management practices to understand, manage and quantify AIAA's risks. Outcomes from stress and scenario testing are used to support overall capital assessments and to test the appropriateness of overall capital levels and risk appetite boundaries.

3.4.4 Dividend Philosophy

Distributions of "Shareholders' Capital and Retained Profits" (as defined in Appendix A) are made at a level that is in line with AIAA's Capital Management Framework. This requires AIAA as a whole to remain appropriately capitalised after each distribution payment.

3.5 Enterprise Risk Management

In accordance with Prudential Standard CPS 220 Risk Management (“CPS 220”), the Board and Senior Management of AIAA have a well-established and mature Risk Management Framework (“RMF”).

The RMF consists of strategies, policies, procedures and controls to manage risks that the business faces.

Key principles underpinning the RMF include:

- The use of the three lines of defence, with risk ownership in the first line, with relevant business leaders.
- Dedicated first line staff to support the implementation and operation of the framework in relevant functional units.
- An appropriately resourced risk management department, with risk and compliance professionals, sufficiently skilled to provide effective oversight and challenge.
- A focus on culture and conduct, to reinforce the leadership behaviours that are supportive of risk management and appropriate customer outcomes.
- A supporting suite of policies, processes, governance and escalations that support management and the Board, in managing risk and compliance in the achievement of sustainable business outcomes.

3.6 Individual Business

AIAA has a large portfolio of Individual Business that is managed in AIAA’s Statutory Fund No.1 (gross annual premium in-force of \$1,511m as at 31 December 2023).

AIAA’s Individual Business includes insurance policies that provide death and disability covers sold mainly through financial advisers. AIAA’s Individual or retail insurance product that is open to new business is “AIA Priority Protection” and is a comparable product to Integrity’s “Here For You” retail insurance product (the main product within the Transferring Business).

The key elements underpinning the management of AIAA’s Individual Business are:

- Product design and pricing updates to maintain a competitive and sustainable new business proposition. AIAA manages the profitability of its Individual Business by making changes to premium rates on existing Life Policies, where premium rates are not guaranteed.
- Claims management to ensure that Policy Owners are paid their contractual benefits and are appropriately supported in the recovery process.
- Underwriting new insurance applications to maintain the age and policy duration profile of AIAA’s Individual Business. This includes assessing applications for new Life Policies from prospective customers and increases / alterations to existing Life Policies. The underwriting process can result in new insurance applications being accepted on standard or loaded premium rates, accepted with exclusions or being rejected.

3.6.1 Underwriting

A life insurer's approach to underwriting impacts the access to, and cost of, insurance cover for prospective and existing Policy Owners.

AIAA's underwriting philosophy is to protect as many Australians as possible. Underwriters currently assess applications for cover under a well-defined framework. This framework includes a Board endorsed underwriting philosophy, documented internal underwriting guidelines, an underwriting delegation framework and an underwriting quality and assurance framework.

AIAA's underwriting approach is evidence-based and utilises international best practice from reinsurer underwriting manuals. AIAA is committed to being consistent, efficient and fair in its underwriting decisions.

3.6.2 Product and Pricing Strategy

A life insurer's product and pricing strategy impacts the product design process, the products offered for sale to the customer as well as the pricing and profitability of the product.

AIAA's product and pricing policies articulate the frequency and process for regular review of pricing and set out minimum and target pricing, and profitability thresholds, as well as requirements in regard to achieving transparent, fair and reasonable outcomes for customers.

3.6.3 Claims Management

Claims management is core to AIAA fulfilling its promise to customers.

Claims assessors currently assess claims under a well-defined framework. This framework includes a Board-endorsed claims philosophy, documented internal claims management guidelines and supporting operating procedures, a claims delegation framework and a claims quality and development framework.

AIAA is committed to doing the right thing for its customers and is a signatory to the Council of Australian Life Insurers Life Insurance Code of Practice ("Life Insurance Code").

3.7 Group Business

AIAA has a large portfolio of Group Business that is managed in AIAA's Statutory Fund No.1 (gross annual premium in-force of \$2,068m as at 31 December 2023).

AIAA's Group Business includes insurance policies that provide death and disability covers to members of a superannuation fund or employer group.

The key elements underpinning the management of AIAA's Group Business are:

- Automatic acceptance criteria for default cover and underwriting requirements for voluntary cover.
- Product design and pricing updates to maintain a competitive and sustainable new business proposition.

- Claims management to ensure that Policy Owners are paid their contractual benefits and are appropriately supported in the recovery process.

3.8 Participating Business

AIAA has a portfolio of participating business, as defined by section 15 of the Life Act (Insurance Contract Liabilities of \$334m as at 31 December 2023).

AIAA's participating business is managed in AIAA's Statutory Fund No.1, with the assets and liabilities of the participating business "ring fenced" from the non-participating business.

Distributions of Policy Owners' retained profits or the Shareholders' Capital and Retained Profit are made to Life Policies that provide for participating benefits, in accordance with AIAA's Policyholder Dividend and Bonus Declaration Policy, which aims for a robust and sustainable bonus structure for each bonus series.

3.9 Unit-Linked Business

AIAA has a small portfolio of in-force unit-linked business managed in AIAA's Statutory Fund No.3 (Insurance Contract Liabilities of less than \$1m as at 31 December 2023).

AIAA's Statutory Fund No.3 operates an investment strategy that is consistent with the terms of the products offered.

3.10 Investment Strategy and Asset Allocation

AIAA's assets are separately maintained and managed between its Statutory Funds, and within AIAA's Statutory Fund No.1 are separately maintained and managed between AIAA's participating business and its non-participating business (of which the Individual Business is a constituent part).

The investment strategy and the asset allocation impact benefit security and shareholder outcomes. It also impacts Policy Owner benefits for Participating Life Policies.

AIAA's assets are managed according to separate investment strategies each with well-defined Strategic Asset Allocations ("SAA") and Tactical Asset Allocation ("TAA") ranges, appropriate for meeting the product objectives and delivering on Policy Owner reasonable expectations with appropriate levels of benefit security.

The investment process has a well-defined governance approach. This approach includes the Financial Risk Committee reviewing and recommending SAAs and TAAs for Board approval, and the Investment Committee reviewing and approving portfolio mandates, which include more specific investment and risk limits for each asset class.

The SAA and TAA for the non-unit linked portfolios are reviewed at least annually.

3.11 Expense Level & Allocation Basis

AIAA's expense level and allocation to Policy Owners can impact:

- Premium rates for Policy Owners;

- Benefit security for Policy Owners; and
- For participating policies, benefit outcomes.

AIAA complies with the Life Act and APRA Life Insurance prudential standard LPS 340 Valuation of Policy Liabilities ("LPS 340") requirements regarding expense allocation.

AIAA's expenses are made up of investment expenses, expenses that are directly attributable to a product (such as Stamp Duty and medical expenses) and management expenses that are not directly attributable to a product.

AIAA manages its expense levels via a combination of:

- Detailed expense budgeting processes, including multi-year projected expense and revenue estimates;
- Planned significant investment in technology to reduce costs in future; and
- The use of outsourced service providers to assist with managing unit costs over time.

AIAA has adopted an activity based costing methodology which is used to perform an expense apportionment exercise to split the "General Operating Expenses" (as defined in Appendix A) amongst the appropriate products. This apportionment exercise is based on an internal expense allocation survey carried out across all AIAA departments. The survey provides an expense split by product and by type of expense, i.e. acquisition, maintenance or claims expenses, for each cost centre.

All expenses in relation to proposed Part 9 transfer that AIAA is liable for will be funded by shareholder assets within AIAA.

3.12 Reinsurance Arrangements

Reinsurance is an important risk and capital management tool for AIAA.

AIAA has reduced its use of reinsurance on its Individual Business as it has grown in size and has increased capacity to retain insurance risk. Currently AIAA reinsures approximately 20% of the insurance risk on new retail advised business sales.

AIAA complies with the reinsurance requirements for life insurance companies which are set out in APRA Life Prudential Standard LPS 230 Reinsurance Management ("LPS 230").

AIAA's Reinsurance Management Policy is reviewed annually.

3.13 Significant Events Subsequent to Financial Reporting Date 31 December 2023

3.13.1 Payments Related to the Transaction

The expected future payments between AIAA and ILAL related to the Part 9 transfer have been included in the pro-forma financial position post the proposed Part 9 transfer in section 5.2.1 and as such are accounted for in the opinion I have given on the impact of the proposed Part 9 transfer on the benefit security of Transferring ILAL Policy Owners and Existing AIAA Policy Owners.

4 Current State Overview of ILAL's Business

This section describes the current state of ILAL's business prior to the proposed Part 9 transfer.

ILAL operates as a life company under the Life Act. The assets and liabilities of ILAL are maintained in a shareholder's fund and separate statutory fund as required by the Life Act.

ILAL is a wholly owned subsidiary of Integrity Group Holdings Limited ("IGHL"), which is a holding company owned by various institutional investors, including institutional funds managed by Schroder Investment Management, Leadenhall Capital Partners and Daido Life (a Japanese life insurer).

4.1 Structure of Statutory Funds

ILAL's life insurance business is managed within one Statutory Fund: Statutory Fund No.1 ("ILAL SF1").

4.2 Key Business Line Description

The following table sets out the business lines of ILAL as at the date of the report.

Table 3: ILAL business line description

Statutory Fund	Line of Business	Description	Transferring to AIAA?
ILAL SF1	Individual (Here For You)	Individual Lump Sum (Death, Disablement, Trauma) and Income Protection insurance.	Yes
ILAL SF1	Individual (ex-QBE Term Life)	Individual Lump Sum Death insurance sold by QBE Life (prior to QBE Life being acquired by IGHL and renamed ILAL).	Yes
ILAL SF1	Individual (Medibank/NEOS)	Individual Lump Sum (Death, Disablement, Trauma) and Income Protection insurance sold under the Ahm and Medibank brands and administered and distributed by NEOS.	No
ILAL SF1	Credit Insurance (ex-QBE)	Credit insurance for various financing arrangements sold by QBE Life (prior to QBE Life being acquired by IGHL and renamed ILAL).	Yes
ILAL SF1	Group	Group Lump Sum (Death, Disablement, Trauma) and Income Protection insurance.	No

4.3 Run-Off Plan

ILAL ceased writing new business in 2023 and is in the process of executing its "Run-Off Plan" which involves transferring its in-force business to other life insurers as part of an orderly wind-up of the company.

The proposed Part 9 Transfer is a key component of ILAL's Run-Off Plan.

4.4 Retail Contingency Plan

ILAL's Board has approved a "Retail Contingency Plan" that describes the approach it would take for managing its retail (Individual) business, including specific actions it would take or consider should the proposed Part 9 transfer not proceed. The key actions contained in ILAL's Retail Contingency Plan are:

- Expense reductions, including considering reducing the services offered to Policy Owners such as limiting discretionary changes that are available to customers such as increasing cover; and
- Premium rate increases to the Transferring Retail Advised Business between 80% to 140% staged over two years, to increase revenue to cover expenses and motivate voluntary lapses.

The Retail Contingency Plan is an important reference to assess the impact of the proposed Part 9 transfer, as it forms the basis for what is expected to occur in the event the proposed Part 9 transfer does not proceed and the Transferring Business remains with ILAL.

4.5 Financial Strength

4.5.1 Capital Position

ILAL's capital base has been below the regulatory requirement, in both its Statutory Fund for ILAL in aggregate, since 30 September 2023.

ILAL's current capital position provides lower security to ILAL Policy Owners' benefits than required under APRA's prudential standards. The degree of risk that ILAL's current and projected future capital position presents to the security of ILAL Policy Owners' benefits has been measured by ILAL using scenario forecasts. Based on analysis prepared by ILAL, if the proposed Part 9 transfer were to not proceed and the Transferring Business were to remain with ILAL, ILAL is expected to exhaust its assets within 2-3 years to a point where ILAL would be unable to meet Policy Owner benefits in full.

4.5.2 Access to Capital

As part of the strategic review of its operations, IGHL canvassed obtaining further capital support from its major investors. This engagement was unsuccessful, and ILAL's existing investors declined to subscribe further capital. Minority shareholders have also not subscribed any further capital.

4.6 Capital Management Framework

Given that ILAL is expected to be in breach of the regulatory capital requirement for much of the execution phase of its Run-Off Plan, ILAL no longer manages its capital position with reference to excess capital over the regulatory capital requirement. ILAL's capital management focuses on managing the cost and timeframe for executing the Run-Off Plan. A key metric used by ILAL in this regard is the resultant remaining capital after the Run-Off Plan has been executed (referred to as the "residual capital value").

ILAL conducts scenario analysis of the residual capital value to assess certain risks, primarily short-term risks and those associated with the execution of the Run-Off Plan.

4.7 Enterprise Risk Management

ILAL maintains a RMF as required under APRA's prudential standards. ILAL's RMF includes elements equivalent to those summarised in Section 3.5 for AIAA.

Given ILAL is currently executing its Run-Off Plan and is not in a strong financial position, its risk management priorities are to maximise the likelihood of paying Policy Owner benefits in full and enable the continuation of cover for its Policy Owners.

4.8 Individual Business (Here For You)

ILAL has a portfolio of Individual Business sold through financial advisers that is managed in ILAL's Statutory Fund No.1 (gross annual premium in-force of \$26m as at 31 May 2024).

ILAL sold Individual or retail life insurance, marketed as "Here For You", from October 2018 to September 2023. This portfolio is referred to as the "Transferring Retail Advised Business" in this report.

ILAL's management approach for its Transferring Retail Advised Business is currently governed by its Run-Off Plan and, should the proposed Part 9 transfer not proceed, will be governed by its Retail Contingency Plan.

4.9 Ex-QBE Business

ILAL has a small portfolio of Term Life and consumer credit insurance business that was sold by QBE Life prior to IGHL acquiring QBE Life (and subsequently renaming it ILAL) that is managed in ILAL's Statutory Fund No.1 (gross annual premium of less than \$1m).

This portfolio is referred to as the "Transferring Legacy Business" in this report.

4.10 Non-Transferring (under the Proposed Part 9 transfer) Business

ILAL has other life insurance business that will not be transferring to AIAA under the proposed Part 9 transfer that is managed in ILAL's Statutory Fund No.1. This includes:

- Individual business sold under the Ahm and Medibank brands and administered and distributed by NEOS (gross annual premium of \$2m).
- Group business consisting of corporate group insurance and the "Five +" product for businesses with 5 to 50 employees (gross annual premium of \$34m).

ILAL's Run-Off Plan expects the Non-Transferring Business to be transitioned to other insurers (not AIAA) by mid-2025.

4.11 Operations & Administration

The principal policy administration and operational functions for the Transferring Retail Advised Business are performed in-house by ILAL.

The policy administration for the Transferring Legacy Business is outsourced.

4.12 Investment Strategy and Asset Allocation

ILAL's investment strategy is to invest in short term, high quality fixed interested securities to match the duration of the liabilities.

4.13 Expenses

ILAL pays IGH Services Pty Ltd for administration services based on its actual underlying expenses. These expenses include both direct expenses and an allocation of overheads and general management expenses.

4.14 Reinsurance

Reinsurance is an important component of ILAL's risk and capital management framework. ILAL generally has high levels of reinsurance with approximately 75% of the Transferring Retail Advised Business reinsured.

4.15 Remediations and Class Actions

ILAL is currently implementing a number of remediation programs in relation to the Transferring Business for historical breaches of financial services law and breaches of ILAL's operating processes and procedures. All of these remediation programs are expected to be completed before the Scheme Effective Date, and resolution of certain remediation matters are conditions preceded to the Scheme.

The estimated cost of these remediation programs is included in ILAL's capital forecasts of its residual capital value.

ILAL is not currently subject to, or aware of any potential, class actions against ILAL or the Integrity Group.

4.16 Significant Events Subsequent to Financial Reporting Date 31 May 2024

There have been no material changes to the ILAL financial position since 31 May 2024 that would change the commentary contained in Section 4 of this report.

5 Overview of Proposed Part 9 Transfer

This section of the report details the Scheme and how AIAA will manage the Transferring Business and the Existing AIAA business after the proposed Part 9 transfer.

5.1 The Proposed Part 9 Transfer

AIA Group is in discussion with the Integrity Group to acquire ILAL's retail advised and ex-QBE business, subject to securing all necessary regulatory and governmental approvals.

It is proposed to complete the purchase of ILAL's retail advised and ex-QBE business via a Part 9 Transfer of the Transferring ILAL Life Policies into AIAA in accordance with Part 9 of the Life Act 1995. There are also various additional obligations on each of AIAA and ILAL to achieve completion of the transfer of ILAL's retail advised and ex-QBE business including regulatory approvals and the transfer of material contracts.

The consequences of the Scheme will be as follows:

5.1.1 Transferring ILAL Contracts

- (a) On and from the Scheme Effective Date, AIAA, assumes the position of ILAL under all Transferring ILAL Contracts as if AIAA was the original party to those contracts in place of ILAL. The Transferring ILAL Contracts will continue in full force and effect on this basis.
- (b) Without limiting paragraph 5.1.1(a), on the Scheme Effective Date:
 - (i) AIAA assumes all rights, powers, privileges, and all liabilities and obligations of ILAL under the Transferring ILAL Contracts, whenever occurring or accruing;
 - (ii) AIAA assumes the position of ILAL under the Transferring ILAL Contracts in respect of any proceedings that are in progress, pending by, or against, ILAL in respect of the Transferring ILAL Contracts;
 - (iii) all references to ILAL in a Transferring ILAL Contract will be read as a reference to AIAA; and
 - (iv) all references to ILAL Statutory Fund No.1 in a Transferring ILAL Contract will be read as a reference to AIAA Statutory Fund No.1.
- (c) ILAL is released and discharged from all obligations and liabilities under the Transferring ILAL Contracts, whenever occurring or accruing.
- (d) Each Transferring ILAL Reinsurance Treaty under which ILAL is a cedant will transfer to AIAA, with the same consequence as set out above in paragraphs 5.1.1(a) to 5.1.1(c) with respect to the Transferring ILAL Contracts.

5.1.2 Transferring ILAL Life Policies

- (a) On and from the Scheme Effective Date, AIAA, assumes the position of ILAL under all Transferring ILAL Life Policies as if AIAA was the original party to those policies in place of ILAL. The Transferring ILAL Life Policies will continue in full force and effect on this basis.
- (b) Without limiting paragraph 5.1.2(a), on the Scheme Effective Date:
 - (i) AIAA assumes all rights, powers, privileges, and all liabilities and obligations of ILAL under the Transferring ILAL Life Policies, whenever occurring or accruing; and
 - (ii) AIAA assumes the position of ILAL under the Transferring ILAL Life Policies in respect of any proceedings that are in progress, pending by, or against, ILAL in respect of the Transferring ILAL Life Policies.
- (c) All references to ILAL in a Transferring ILAL Life Policy are replaced with AIAA.
- (d) All references to ILAL Statutory Fund No.1 in a Transferring ILAL Life Policy will be read as a reference to AIAA Statutory Fund No.1.
- (e) ILAL is released and discharged from all obligations and liabilities under the Transferring ILAL Life Policies, whenever occurring or accruing.
- (f) The Transferring ILAL Life Policies will remain on foot and there will be no cancellation and reissue of the Transferring ILAL Life Policies as a result of the Scheme.
- (g) The terms and conditions of each Transferring Legacy Life Consumer Credit Insurance Policy will not change as a result of the Scheme. Except for the matters set out in paragraphs 5.1.2(a) to 5.1.2(f) above.
- (h) The terms and conditions of each Transferring ILAL Retail Life Policy and each Transferring Legacy Life Term Life Policy are replaced at and from the Scheme Effective Date by:
 - (i) the AIAA Policy Terms; and
 - (ii) a replacement AIAA policy schedule issued by AIAA on or as soon as practicable after the Scheme Effective Date

in accordance with and subject to the Product Transfer Rules set out in the Scheme Document.

5.1.3 Existing AIAA Life Policies

The terms and conditions of Existing AIAA Life Policies will not change as a result of the Scheme.

5.1.4 Assets and Liabilities

- (a) Transferring ILAL Life Policies

On the Scheme Effective Date, each Transferring ILAL Life Policy referable to ILAL Statutory Fund No.1 becomes a AIAA Life Policy referable to AIAA Statutory Fund No.1.

(b) Transferring ILAL assets

On and from the Scheme Effective Date, the Transferring ILAL Assets become assets of AIAA Statutory Fund No.1.

(c) Transferring ILAL liabilities

On and from the Scheme Effective Date, the Assumed Liabilities referable to ILAL Statutory Fund No.1 become liabilities of AIAA Statutory Fund No.1.

5.2 Financial strength

At the Scheme Effective Date, Transferring ILAL Assets and Transferring ILAL Liabilities of the Transferring Business will be transferred to AIAA's Statutory Fund No.1 as defined in section 5.1.4.

5.2.1 Capital Position of AIAA as at the Scheme Effective Date

The two tables below show the actual capital position of AIAA as at 31 December 2023 and a pro-forma capital position of AIAA as at 31 December 2023 assuming that the Part 9 transfer occurred at that date, in order to illustrate the change to the capital position due to the proposed Part 9 Transfer.

The assets of AIAA's Shareholders' Fund include the impact of net payments related to the completion of the purchase, including AIAA's project costs in relation to the Part 9 transfer budgeted in 2024 and 2025.

Table 4: Actual capital position of AIAA by funds as at 31 December 2023 (A\$m)

A \$'m	SF1	SF1L	SF2L	SF3	SF4	SHF	Total AIAA
Net assets	1,325	1	7	10	2	881	2,226
Regulatory Adjustments	(688)	-	-	-	-	(861)	(1,549)
Capital Base	637	1	7	10	2	19	677
Prescribed Capital Amount	301	-	-	0	-	2	303
Capital in excess of PCA	336	1	7	10	2	18	374
Capital Adequacy Multiple	212%	n.a.	n.a.	Large	n.a.	Large	223%

Table 5: Pro Forma capital position of AIAA by funds as at 31 December 2023 Assuming the Part 9 Transfer Occurred at that date (A\$m)

A \$'m	SF1	SF1L	SF2L	SF3	SF4	SHF	Total AIAA
Net assets	1,325	1	7	10	2	879	2,224
Regulatory Adjustments	(688)	-	-	-	-	(861)	(1,549)
Capital Base	637	1	7	10	2	17	675
Prescribed Capital Amount	303	-	-	0	-	2	305
Capital in excess of PCA	335	1	7	10	2	16	370
Capital Adequacy Multiple	210%	n.a.	n.a.	Large	n.a.	Large	221%

Each of the Statutory Funds of AIAA post the proposed Part 9 Transfer has capital in excess of the relevant PCA and PCR.

The expected impact to the Capital Adequacy Multiple in each of AIAA's funds immediately following the proposed Part 9 is:

- In AIAA's SF1, slight reduction; and
- In AIAA's SF3, unaltered; and
- In AIAA's Shareholders' Fund, slight reduction.

The Capital Adequacy Multiples above have been based on PCA. A similar analysis has been conducted on the basis of PCR. The conclusions in this report are materially unaltered on either basis.

5.2.1.1 SF1 Impacts

The impact to the Capital Adequacy Multiple in SF1 is mainly due to increased capital requirements (PCA) for SF1 arising from a slight increase in insurance risk.

5.2.1.2 Shareholder Fund Impacts

The capital position of AIAA's shareholder fund is impacted by the acquisition by budgeted project costs in 2024 and 2025 associated with the transfer of the Transferring Business to AIAA that have been capitalised and shown as an immediate impact in the pro forma position.

There is no purchase price for this business.

5.2.2 Financial Strength Outlook

The Transferring Business is forecast to generate free capital over time, as profits are recognised, and required capital margins are released. The acquisition costs associated with the Transferring Business are low because initial commissions and underwriting costs are not incurred. Although it is expected that some of the Transferring ILAL Life Policies will lapse their cover shortly after the proposed Part 9 transfer, the acquisition of the Transferring Business is expected to improve AIAA's future capital generation over the current business planning period.

The net payments related to the completion of the sale are reflected in the pro forma capital position of AIAA immediately after the Part 9 Transfer.

I have reviewed the three-year projections of the capital position of AIAA (for the entity as a whole and for each of its funds on a stand-alone basis), prior to the proposed Part 9 Transfer and post the proposed Part 9 Transfer. The results show that immediately on and following the Part 9 Transfer each fund within AIAA is forecast to generate free capital in each year that has been projected and is expected to meet or exceed the regulatory requirement in each fund throughout the projection.

The additional capital buffer over the regulatory capital requirement is currently below the target level and is forecast to be organically restored back to target within a reasonable time period following the proposed Part 9 transfer. The proposed Part 9 transfer does not have a material impact on AIAA's additional capital buffer over the regulatory capital requirement nor the restoration of the additional capital buffer back to the target level.

The capital position of AIAA following the Part 9 Transfer, before any future dividends are paid, are projected to improve over the three years that have been projected. This means that AIAA is anticipated to fund its own capital requirement over the projection period.

5.3 Capital Management

5.3.1 Capital Management Framework

AIAA's Capital Management Framework will continue unaffected post the Scheme Effective Date.

ILAL's current approach to capital management is fundamentally different to AIAA's approach. ILAL does not have sufficient capital to meet regulatory capital requirements and has limited access to additional capital. ILAL is currently managing its residual capital value, which represents the remaining capital in ILAL after it has executed its Run-Off Plan, which includes the proposed Part 9 transfer of the Transferring Business.

AIAA's policies can accommodate the Transferring Business.

5.3.2 Target Surplus

AIAA's Target Surplus methodology and principles will continue unaffected post the Scheme Effective Date.

As mentioned above, ILAL is not currently managing its capital according to a target buffer over regulatory capital requirements.

AIAA's policies can accommodate the Transferring Business.

5.3.3 Stress and Scenario Testing

AIAA's Stress and Scenario Testing methodology and principles will continue unaffected post the Scheme Effective Date.

AIAA's policies can accommodate the Transferring Business.

5.3.4 Dividend Philosophy

The existing shareholder dividend philosophy for AIAA will not be amended as a result of the proposed Part 9 Transfer.

5.4 Enterprise Risk Management

AIAA's RMF will continue unaffected post the Scheme Effective Date, which include its Risk Appetite Statement ("RAS"), Risk Management Strategy ("RMS") and the ICAAP Summary Statement.

5.5 Management of Individual Business

5.5.1 Changes to Product Terms and Conditions

As part of the Scheme, the terms and conditions of the majority of the Transferring Retail Life Policies will be changed to that of AIAA's comparable retail advised product suite currently available for sale ("AIA Priority Protection"). The terms and conditions of Transferring Retail Life Policies will not be changed where a claim as arisen from an insurable event prior to the Scheme Effective Date.

The terms and conditions of Transferring Legacy Life Consumer Credit Insurance Policies will not be changed. The terms and conditions of Transferring Legacy Life Term Life Policies will be changed to that of AIAA's AIA Priority Protection term life product.

The following table summarises the premium rate differences between the ILAL "Here For You" product and the AIAA "Priority Protection" product, the number of Policy Owners impacted, and Policy Owner impact.

Table 6: Changes to the premium rates of the Transferring ILAL Life Policies

Description of change	Estimated Number of Life Policies Impacted	Policy Owner Impact
Increases to premium rates (inclusive of policy fee changes)	5,432	Higher cost of insurance cover, with most (approximately 4 out of 5) increases between 0% to 50%. Changes in premium rates will be applied at the next billing date for each Transferring Life Policy.
Decreases to premium rates (inclusive of policy fee changes)	883	Lower cost of insurance cover, with the average decrease being -9%. Changes in premium rates will be applied at the next billing date for each Transferring Life Policy.

A more detailed summary of the changes in the terms and conditions of the Transferring ILAL Life Policies is set out in Section 6 and 7 of the ILAL Part 9 Actuarial Report.

5.5.2 Remediation for Adverse Policy Owner Impact

Adverse Policy Owner impacts are expected to arise from certain changes to product terms and conditions. These adverse impacts broadly fit into one of the following categories:

- Increases to premium rates (net of policy fees);
- Product downgrades that reduce ancillary insured benefits; and
- Product downgrades that reduce insurable conditions where a core benefit is paid.

ILAL has designed remediation to limit the adverse Policy Owner impact of changes to product terms and conditions arising from the proposed Part 9 Transfer. The cost of the remediation will be funded by ILAL shareholder capital.

In the case of increases to premium rates (net of policy fees), ILAL will pay for premium increases in excess of 60% for 6 months. Policy Owners will be refunded premium increases exceeding 60% (across all covers held) following the Scheme Effective Date.

5.5.3 Product and Pricing Strategy

Immediately after the proposed Part 9 transfer, the Transferring Business will be managed within AIAA's Individual Business.

AIAA has undertaken to exclude the Transferring Business from any repricing of AIAA's Individual Business in 2025. AIAA currently has no plans to increase premiums on its Individual Business after 2026. For the sake of clarity, future premium rate increases on AIAA's Individual Business are still possible and would be based on prevailing circumstances in the future.

Any future product upgrades after the Scheme Effective Date that are passed-back to AIAA Individual Business would also be passed-back to the Transferring Business.

The addition of the Transferring Business will slightly improve AIAA's expense ratios on its Individual Business, which would aid the stability of premium rates on AIAA's Individual Business.

5.5.4 Investment Management

AIAA management have confirmed that at the time of the proposed Part 9 Transfer there will be no change to the investment objectives or SAAs of AIAA's investment strategies as a result of the proposed Part 9 Transfer. The Transferring Assets will be managed within AIAA's non-participating investment strategy.

AIAA has a larger investment portfolio and investment scale than ILAL providing enhanced opportunities for investment risk-return and investment management cost outcomes.

5.5.5 Underwriting

AIAA's underwriting philosophy and approach will continue unaffected post the Scheme Effective Date.

Immediately after the proposed Part 9 transfer, Transferring ILAL Policy Owners will be able to apply to modify their Life Policies subject to AIAA's underwriting requirements. In the event the proposed Part 9 transfer does not proceed, ILAL's Board-approved Retail Contingency Plan identifies a range of measures it would consider to reduce cost, including restricting policy modifications.

AIAA's underwriting philosophy is Board-endorsed and is materially aligned with ILAL's underwriting philosophy.

5.5.6 Claims Management

AIAA's claims philosophy will continue unaffected post the Scheme Effective Date. AIAA's claims philosophy is Board-endorsed and is materially aligned with ILAL's claims

philosophy. Both companies have established operational policies and guidelines to ensure that the claims philosophy is embedded in claims operations.

Both AIAA and ILAL have adopted the Life Insurance Code and continue to target compliance with the Life Insurance Code when providing life insurance products and services including claims services.

5.6 Management of Group Business

The management of AIAA's Group Business will continue unaffected post the Scheme Effective Date.

5.7 Management of Participating Business/Bonus Philosophy

The management of AIAA's Participating Business will continue unaffected post the Scheme Effective Date.

5.8 Management of Unit-Linked Business

The management of AIAA's Unit-Linked Business will continue unaffected post the Scheme Effective Date.

5.9 Equity Across Policy Owner Groups

The Transferring Assets and Transferring Liabilities of the Transferring Business will be kept separate from AIAA's existing participating business in AIAA's Statutory Fund No.1 and will have no impact on AIAA's existing participating asset shares.

All of the Transferring Business is non-participating business and the contractual benefits and rights are not impacted by the experience of the Statutory Fund.

5.10 Expense Allocation

AIAA's expense allocation approach will continue unaffected post the Scheme Effective Date.

5.11 Costs Associated with Proposed Part 9 Transfer

All costs incurred in respect of the proposed Part 9 transfer, including but not limited to, transaction expenses, frictional costs (described below) and integration expenses will be covered by the shareholder assets within AIAA and ILAL and not fall to Policy Owners.

Frictional costs are anticipated to arise as a consequence of the proposed Part 9 transfer, which primarily relate to stamp duty on the transfer of the relevant assets (a liability for AIAA), tax credits within the ILAL tax group that cannot be transferred to AIAA, and the crystallisation of tax obligations in ILAL at the time of the proposed Part 9 transfer. All Transferring ILAL Life Policies are non-participating and tax impacts have no impact on Policy Owner benefits.

ILAL has agreed to fund an amount of AIAA's costs incurred in respect of the proposed Part 9 transfer. No costs will be borne by the Transferring ILAL Policy Owners or Existing AIAA Policy Owners.

5.12 Liabilities for Current Remediation Obligations

ILAL is currently implementing a number of remediation programs in relation to the Transferring Business for historical breaches of financial services laws. All of these programs are expected to be completed before the Scheme Effective Date, but for any that are not they will continue to be implemented by AIAA after the Scheme Effective Date. AIAA has controls and resources in place to continue to manage the current ILAL remediation programs, in the event that the current remediation programs are not completed before the Scheme Effective Date.

The cost of the current remediation is estimated by ILAL to be low. Under the Transfer Deed, ILAL will pay to AIAA any provisions held for open remediation programs that have not been resolved by the Scheme Effective Date.

5.13 Warranties Provided by ILAL

AIAA has the benefit of certain contractual indemnification or other contractual protections from ILAL in respect of the costs of known and unknown remediation liabilities. These are subject to limitations that are customary for transactions of this nature.

5.14 Administration and Systems

The terms and conditions of the Transferring Retail Life Policies will be changed to the terms and conditions of AIA Priority Protection and will be administered on AIAA's existing administration systems. No material changes are required to AIAA's existing administration systems to accommodate the changed terms and conditions of the Transferring Retail Advised Business. This is an important condition of the proposed Transaction, that there are sufficiently low system costs to take over the ILAL Life Policies.

AIAA will migrate all the policy records required to administer the Life Policies of the Transferring Retail Advised Business into its existing administration systems prior to the first business day following the Scheme Effective Date to minimise operational disruption to Transferring ILAL Policy Owners. AIAA will conduct testing of sample deidentified policy records prior to the Scheme Effective Date to reduce the risk around the bulk migration of all the policy records and has a formalised test plan to verify operational readiness following the bulk migration.

In relation to claims incurred on Transferring Retail Life Policies prior to the Scheme Effective Date and certain Transferring Legacy Life Policies, the original policy terms and conditions will remain unchanged and the contractual benefit obligations under these original policy terms and conditions will be honoured. Given the small number of expected claims, the claim administration of Transferring Retail Life Policies where a claim has been incurred prior to the Scheme Effective Date will be manually entered into AIAA's claims administration systems. AIAA will accordingly apply additional controls around the administration of these policies to ensure the original policy terms are applied to minimise the risk of adverse impact to customer service.

The customer service levels are not expected to be impacted by the proposed Part 9 Transfer.

5.15 Taxation Basis

No change is expected to be made to the methods used to comply with tax legislation as a result of the proposed Part 9 Transfer.

Life companies calculate their tax liability with reference to the underlying tax classes. Different tax rates are applicable to each tax class. All of the Transferring Business is classified as ordinary business.

The tax classes that are in ILAL will transfer over such that policies will continue to be charged their respective rates post the proposed Part 9 transfer.

Tax on Policy Owner benefits for income protection business is levied at the applicable Policy Owner tax rate for the tax class. This will not change as a result of the proposed Part 9 transfer.

5.16 Reinsurance Arrangements

Some of the existing reinsurance arrangements currently covering the Transferring Retail Advised Business will be modified immediately prior to the proposed Part 9 Transfer in connection with the Transaction.

The RGA treaty covering a portion of the Transferring Retail Advised Business will be modified, subject to the Part 9 transfer being approved by the Court as follows:

- A retrospective change to reduce the initial reinsurance commission rate and reduction in the future reinsurance premium rates;
- A prospective change to increase the insurance risk retained by AIAA by reducing the reinsurance quota share coverage from 70% to 50% and increasing AIAA's maximum liability per life on lump sum benefits; and
- Changes to reinsurer repricing terms and conditions that provide AIAA with protection against large reinsurance price increases.

The portion of the Transferring Retail Advised Business covered by the Hannover Re treaty will be incorporated into and materially aligned with an existing reinsurance arrangement between AIAA and Hannover Re covering Priority Protection retail advised business historically written by AIAA.

In relation to the other reinsurance arrangements covering the Transferring Legacy Business, the reinsurance coverage will be terminated by ILAL immediately prior to the Scheme Effective Date.

At the Scheme Effective Date, the rights and liabilities under the Transferring ILAL Reinsurance Treaties to which ILAL is a party will become rights and liabilities of AIAA, and AIAA will assume the position of ILAL under those reinsurance arrangements, in accordance with the terms of the Scheme document.

Existing AIAA Reinsurance Treaties will continue unaffected by the proposed Part 9 transfer.

6 Impact of the Proposal on Existing AIAA Policy Owners

This section of the report discusses the impact of the proposed Part 9 Transfer on Existing AIAA Policy Owners' interests.

6.1 Impact on Contractual Benefits and Rights

6.1.1 Policy Premium Rates, Benefits, Terms and Conditions

There are no changes to the policy premium rates, benefits, terms and conditions on any Existing AIAA Life Policies.

The addition of the Transferring Retail Advised Business will marginally improve AIAA's expense ratios on its Individual Business via increased business volume, which is currently a key priority for AIAA. The stability of premium rates charged on AIAA's Individual Business are impacted by expense ratios, and this Transaction will be of marginal benefit to all Existing AIAA Life Policies.

The costs incurred in respect of the proposed Part 9 transfer will be covered by the shareholder assets within AIAA and ILAL and not fall to Policy Owners.

6.1.2 Conclusion on Contractual Benefits and Rights

In my opinion, considering the above, the proposed Part 9 transaction will not adversely impact the contractual benefits and rights of Existing AIAA Policy Owners.

6.2 Impact on Policy Owners' Reasonable Benefit Expectations

6.2.1 Claims management, underwriting, product and pricing, administration and systems

There will be no change to the operation of any of the AIAA Existing Life Policies nor will there be any change to existing AIAA company policies that govern these operations.

AIAA has undertaken to exclude the Transferring Business from any repricing of AIAA's Individual Business in 2025. This undertaking pursuant to the Court approving the Scheme does not adversely impact Existing AIAA Life Policies. The undertaking results in the repricing outcomes in 2025 for Existing AIAA Life Policies being unaffected by the proposed Part 9 transfer.

6.2.2 Conclusion on Policy Owners' Reasonable Benefit Expectations

In my opinion, considering the above, the proposed Part 9 transaction will not adversely impact the reasonable benefit expectations of Existing AIAA Policy Owners.

6.3 Impact on Benefit Security

In assessing the impact of the proposed Part 9 transfer on benefit security of Existing AIAA Policy Owners, I have considered matters relating to financial security and risk management. In examining the impacts on financial security I have examined both current and planned approaches to capital management, reinsurance management, investment strategies and asset allocations. I have also considered the current and projected financial strength of AIAA after the proposed Part 9 transfer.

6.3.1 Capital management, risk management, reinsurance management, investment strategies and asset allocations

There will be no change to existing AIAA corporate policies that govern financial security. I consider AIAA's corporate policies governing capital management, risk management, reinsurance management, investment strategies and asset allocations to be appropriate for AIAA and can appropriately accommodate the Transferring Business.

6.3.2 Financial Strength

The impact of the proposed Part 9 transfer to AIAA's capital position is marginal given the scale of the Transferring Business. AIAA's capital requirements are expected to increase slightly immediately after the Scheme Effective Date, and the Transferring Business is expected to slightly improve AIAA's future free cash flow generation.

AIAA is forecast to continue to satisfy regulatory capital requirements in each of its funds immediately prior to and after the proposed Part 9 transfer, and throughout the three-year forecast prepared. The additional capital buffer over the regulatory capital requirement is currently below the target level and is forecast to be organically restored back to target within a reasonable time period following the proposed Part 9 transfer.

AIAA has the benefit of certain contractual protections from ILAL in respect of the costs of known and unknown remediation liabilities. These are subject to limitations that are customary for transactions of this nature. This lessens the financial risk around unforeseen costs related to the Transaction.

AIAA remains in a sound financial position post the proposed Part 9 transfer.

7 Impact of the Proposal on Benefit Security for Transferring ILAL Policy Owners

This section of the report discusses the impact of the proposed Part 9 transfer on the benefit security for Transferring ILAL Policy Owners.

7.1 Impact on Benefit Security

In this proposed Part 9 transfer, the primary consideration for Transferring ILAL Policy Owners is benefit security.

In assessing the impact of the proposed Part 9 transfer on the benefit security of Transferring ILAL Policy Owners, I have considered matters related to financial security and the risk management framework. In examining the impacts on financial security, I focused on the current and projected financial strength of ILAL and AIAA after the proposed Part 9 transfer. I have also considered approaches to risk and capital management.

7.1.1 Financial Strength

Under ILAL's Retail Contingency Plan Forecast, ILAL is expected to become insolvent in or around 2028 resulting in Policy Owners receiving less than their full benefit entitlements. This outcome would be significant, potentially financially ruinous, to Transferring ILAL Policy Owners and their beneficiaries if they were to suffer injury, illness or death. Policy Owners who lose their cover because of significant premium increases per ILAL's Retail Contingency Plan and those who are in compromised health, and therefore unable to replace their cover, may also suffer financially in the event of injury, illness or death.

If the proposed Part 9 transfer were to proceed transferring ILAL Policy Owners will have their cover transferred to AIAA, and AIAA will remain in a sound financial position post the proposed Part 9 transfer. The AIA Group remains committed to the Australian market, including providing capital support to AIAA.

Considering the above, I consider that the proposed Part 9 transfer is necessary to provide adequate security for Transferring ILAL Policy Owners' benefits and will avert expected financial loss to Transferring ILAL Policy Owners.

7.1.2 Capital Management

ILAL's approach to capital management is focused on the orderly wind-up of the company. ILAL's capital buffers are currently below the regulatory minimum and are forecast to be entirely eroded in or around 2028 should the proposed Part 9 transfer not proceed and the Transferring Business remains with ILAL. Under these conditions, certain elements of capital management are not relevant, such as target surplus policy and dividend philosophy. The importance of stress and scenario testing remains and demonstrates the vulnerabilities of ILAL's capital position and the importance of transferring the business prior to the materialisation of risks / shocks.

There will be no change to AIAA's approach to prudential capital management, target surplus, stress and scenario testing and dividend philosophy as a result of the proposed

Part 9 transfer. AIAA's existing capital management framework appropriately accommodates for the ILAL Transferring business.

7.1.3 Enterprise Risk Management

ILAL's approach to risk management is focused on the orderly wind-up of the company. ILAL's risk profile is outside of its risk appetite, primarily due to its weak capital position and limited access to capital.

AIAA's RMF will continue unaffected post the Scheme Effective Date, including its RMS, RAS and ICAAP. AIAA has a mature and robust RMF including capital response plans, which reflects the highly regulated market in which it operates.

AIAA already has a large existing book of Individual Business, and its existing risk policies can accommodate the Transferring Business.

AIAA's RMF is appropriate for the management of the Transferring Business.

7.1.4 Reinsurance Arrangements

As set out in Section 5.1.1, at the Scheme Effective Date, the rights and liabilities under the Transferring ILAL Reinsurance Treaties to which ILAL is a party will become rights and liabilities of AIAA, and AIAA will assume the position of ILAL under those reinsurance arrangements, in accordance with the terms of the Scheme document. All of the necessary consents are expected to be obtained in order for the Transferring ILAL Reinsurance Treaties to continue to operate as normal following the proposed Part 9 transfer.

In relation to the RGA and Hannover Re treaties, various modifications will occur immediately prior to the Scheme Effective Date, conditional on the Scheme being approved by the Court. These modifications are commercially required by AIAA as part of the Transaction. The resultant residual risk for AIAA is within its risk appetite. There is no adverse impact to benefit security for ILAL Transferring Policy Owners as AIAA's RMF and ICAAP appropriately respond to changes in its residual risk exposures.

The financial impacts of changes to the reinsurance arrangements are reflected in the capital impacts presented in this report.

7.1.5 Liabilities for Current Remediation Obligations

As discussed in section 4.15, ILAL is currently implementing a number of remediation programs. The remediation programs are expected to be completed before the Scheme Effective Date. However, if these remediation programs are not completed before the Scheme Effective Date the programs will continue to be implemented by AIAA after the Scheme Effective Date.

AIAA has the benefit of certain contractual indemnification or other contractual protections from IGHL in respect of related remediation costs, which I view as providing appropriate cover for the corresponding liabilities of the Transferring Business.

7.1.6 Conclusion on the Security of Transferring ILAL Policy Owners

In my opinion, considering the above, the proposed Part 9 Transfer is necessary to provide adequate security for Transferring ILAL Policy Owners' benefits.

8 Opinions on the Impact of the Proposed Part 9 Transfer for Existing AIAA Policy Owners and Benefit Security for Transferring ILAL Policy Owners

Based on my assessments in this report, I conclude that the proposed Part 9 Transfer will not materially prejudice the interests of Existing AIAA Policy Owners and will improve the benefit security for Transferring ILAL Policy Owners, in particular:

- The proposed Part 9 transfer will not adversely impact the contractual benefits and rights of Existing AIAA Policy Owners;
- The proposed Part 9 transfer will not adversely impact the reasonable benefit expectations of Existing AIAA Policy Owners;
- The security of Existing AIAA Policy Owners' benefits will continue to be appropriate post the proposed Part 9 transfer; and
- The proposed Part 9 transfer is necessary to provide adequate security for Transferring ILAL Policy Owners' benefits.

9 Reliances and Limitations

This report has been prepared for the purpose stated in the section titled 'Scope'. In preparing this report, I have relied upon certain data and information (written, verbal, qualitative, quantitative or otherwise) supplied by ILAL and AIAA, including, but not limited to:

- Key data and information set out in Appendix B.
- The statements and representations made by, and information provided by, ILAL and AIAA management and personnel.
- The financials as at 31 December 2023 and forecasts produced by AIAA.
- ILAL's Retail Contingency Plan approved by ILAL's Board.
- The ILAL Part 9 Actuarial Report.
- The detailed company policy comparisons performed by ILAL and AIAA.

I have relied upon the general completeness and accuracy of all information provided to me for the purpose of this report. I have not independently verified or audited the information provided to me, but I have assessed it for general reasonableness and consistency. It should be noted that if any data or other information is inaccurate or incomplete, and advice I provide may need to be revised.

Financial projection results are based on certain assumptions as to the possible future experience of the business. The actual outcome will depend on the actual future experience which may differ from these assumptions.

The conclusions in this report have been formed on the basis of the circumstances and information as at the date of the report.

My report should be considered as a whole.

I have read, understood and complied with the Federal Court of Australia's Expert Evidence Practice Note GPN-EXPT and agree to be bound by it.

This report has been prepared in accordance with the professional requirements of the Institute of Actuaries of Australia, specifically:

- The Code of Professional Conduct; and
- Professional Standard 201: Actuarial Advice to a Life Insurance Company or Friendly Society.



Nghiep Luu, FIAA

Fellow of the Institute of Actuaries of Australia

Appointed Actuary, AIA Australia Limited

12 December 2024

Appendix A: Glossary

Table of defined terms used in this report:

Abbreviation	Meaning
AIA Co	AIA Company Limited
AIAA	AIA Australia Limited (ABN 79 004 837 861)
AIAA Product Terms	The terms and conditions contained in the AIAA "Priority Protection" product disclosure statement and policy document (version 29 dated 12 May 2024) and any supplementary product disclosure statement and includes the AIAA Priority Protection Incorporated by Reference Material (Identification No. AIA07702-10/23) document.
AIAA Shareholders' Fund or AIAA's SHF	The shareholders' fund established by AIAA
AIAA Statutory Fund	A statutory fund established by AIAA
AIAV	AIAV Pty Ltd
APRA	Australian Prudential Regulation Authority
Australian Policy Owners' Retained Profits	Has the meaning given to it in section 61(1) of the Life Act
Assumed Liabilities	The liabilities of ILAL (whether arising or accruing before or after the Scheme Effective Date) that relate to the Transferring Business, including: <ul style="list-style-type: none"> (a) The Transferring ILAL Life Policy Liabilities; and (b) Liabilities under the Transferring ILAL Contracts, but excluding the Excluded Liabilities.
Capital Adequacy Multiple	Ratio of the Capital Base to the PCA
Capital Base	Capital base is as defined in Prudential Standard LPS 112
CPS 220	Prudential Standard CPS 220 Risk Management
Current State	Prior to the proposed Part 9 Transfer
Excluded Liabilities	The following liabilities of the Transferring Business: <ul style="list-style-type: none"> (a) the liabilities arising under the Transfer Deed; (b) the Conduct and Operational Liabilities (as defined in the Transfer Deed); and (c) the Tax Liabilities.
Existing AIAA Business	AIAA's life insurance business immediately prior to the Scheme Effective Date
Existing AIAA Reinsurance Treaties	The reinsurance treaties to which AIAA is a party as at the Scheme Effective Date
Existing AIAA Policy Owners	AIAA's Policy Owners immediately prior to the Scheme Effective Date
General Operating Expense	Expenses that are incurred by the life insurance company from normal business operations including but not limited to payroll, rent, equipment. These costs are generally more fixed in nature, relative to other directly attributable costs such as stamp duty or medical expenses

Abbreviation	Meaning
Hannover Re	Hannover Life Re of Australasia Limited (ABN 51 004 804 013)
ICAAP	Internal Capital Adequacy Assessment Process
ILAL	Integrity Life Australia Limited (ABN 83 089 981 073)
IGHL	Integrity Group Holdings Limited
LAGIC	Life and General Insurance Capital
Life Act	The <i>Life Insurance Act 1995</i> (Cth)
Life Insurance Code	Council of Australian Life Insurers Life Insurance Code of Practice
Life Policy	Has the meaning as defined under the Life Act
LPS 110	Life Prudential Standard LPS 110 Capital Adequacy
LPS 112	Life Prudential Standard LPS 112 Capital Adequacy: Measurement of Capital
LPS 230	Life Prudential Standard LPS 230 Reinsurance Management
LPS 340	Life Prudential Standard LPS 340 Valuation of Policy Liabilities
Non-Transferring Business	ILAL business that is not Transferring Business
PCA	Prescribed Capital Amount is as defined in Prudential Standard LPS 110
PCR	Prudential Capital Requirement as defined in Prudential Standard LPS 110
Policy Owner	The owner of a life insurance policy, who may also be referred to as a policy owner
Product Transfer Rules	The rules that govern the transfer of cover benefits under the Integrity Policy Terms to the AIAA Policy Terms that are set out in Schedule 2 of the Scheme Document.
QBE Life	QBE Life (Australia) Limited (superseded by ILAL)
RAS	Risk Appetite Statement
Retained Profits	Retained Profits (Participating) and Shareholders' Retained Profits (Non-Participating)
Retained Profits (Participating)	Any Australian Policy Owners' Retained Profits and Shareholders' Retained Profits (Participating)
RGA	RGA Reinsurance Company of Australia Limited (ABN 14 072 292 712)
Risk Appetite	The level of risk that a business is prepared to accept in pursuit of its objectives, before action is deemed necessary to reduce the risk
RMF	Risk Management Framework
S&P	Standard & Poor's
SAA	Strategic Asset Allocation
Scheme Effective Date	The Scheme target effective date of 12.01am on 1 March 2025
Shareholders' Capital	Has the meaning given to it in section 61(1) of the Life Act

Abbreviation	Meaning
Shareholders' Capital and Retained Profits	Shareholders' Capital, Shareholders Retained Profits (Non-Participating) and Shareholders' Retained Profits (Participating)
Shareholders' Retained Profits (Non-Participating)	Has the meaning given to it in section 61(1) of the Life Act
Shareholders' Retained Profits (Participating)	Has the meaning given to it in section 61(1) of the Life Act
TAA	Tactical Asset Allocation
Target Surplus	Capital that a life insurance company maintains within its statutory funds and shareholders' funds above its regulatory capital requirements in accordance with its Internal Capital Adequacy Assessment Process
The Scheme or Part 9 Transfer	The scheme to be confirmed by the Federal Court of Australia in accordance with Part 9 of the Life Act for the transfer of ILAL's Transferring Business to AIAA
Transaction	The proposed sale of ILAL's retail advised and ex-QBE business to AIAA
Transferring ILAL Assets	The assets of ILAL's statutory fund that are referable to the ILAL Transferring Life Policies and comprise the Completion Payment and the Adjustment Amount as defined in the Transfer Deed.
Transferring ILAL Contracts	All contracts to which ILAL is a party in relation to the ILAL Transferring Business as at the Scheme Effective Date that will transfer to AIAA, including the Transferring ILAL Life Policies and the Transferring ILAL Reinsurance Treaties.
Transferring ILAL Liabilities	All liabilities (actual and contingent) referable to the Transferring Business immediately prior to the Scheme Effective Time, including <ul style="list-style-type: none"> • All policy liabilities in respect of the Transferring ILAL Policies; and • All liabilities arising under the Transferring ILAL Contracts, but excluding the Excluded Liabilities.
Transferring ILAL Life Policies	The Life Policies issued by ILAL in respect of the product groups set out in Schedule 1 of the Scheme Document that are in-force or which have expired but under which benefits remain payable or may be payable, or in respect of which a person has a guaranteed renewal right at the Scheme Effective Date, including any policy schedules, policy documents, product disclosure statements and supplementary product disclosure statements comprising such policies. This includes the life policy element of all consumer credit insurance as listed in item 3 and 4 of Schedule 1 of the Scheme Document.
Transferring ILAL Policy Owners	The Policy Owners or policy owners of Transferring ILAL Life Policies
Transferring ILAL Reinsurance Treaties	The reinsurance contracts listed in Schedule 4 of the Scheme Document, including the 2019 Hannover Re Treaty and associated addendums, and the 2022 RGA treaty and associated addendums.
Transferring Business	The ILAL retail advised and ex-QBE business transferring to AIAA under the Scheme that comprise life insurance policies
Transferring Retail Advised Business	The "Here For You" retail life insurance policies within the Transferring Business

Abbreviation	Meaning
Transferring Legacy Business	The CCI policies issued by QBE Life and the Term Life policies issued by CUNA Mutual within the Transferring Business

Appendix B: Key Information Relied Upon

Reference	Report Section	Data
Structure of Statutory Funds	3.1	AIAA Financial Condition Report volume 2, 31 December 2023
Key Product Descriptions	3.2	AIAA Financial Condition Report volume 1, 31 December 2023
Financial Strength	3.3	AIAA Financial Condition Report volume 1, 31 December 2023 AIA Group Annual Report, 31 December 2023
Capital Management	3.4	AIAA Capital Management Framework version 7.0, November 2023 AIAA Internal Capital Adequacy Assessment Process Summary Statement version 11, September 2023 AIAA Target Surplus Policy version 10.0, November 2023 AIAA Stress Testing and Scenario Analysis version 10.0, September 2023
Enterprise Risk Management	3.5	AIAA Financial Condition Report volume 1, 31 December 2023 AIAA Risk Management Strategy version 18.0, November 2023
Individual Business	3.6	AIAA Financial Condition Report volume 1 & 2, 31 December 2023 AIAA Retail Business Pricing Strategy version 6.0, July 2022 AIAA Underwriting and New Business Administration Philosophy and Guiding Principles version 0.1, July 2021 AIAA Underwriting Capability Framework version 2.0, September 2023 AIAA Claims Philosophy version 4.0, February 2023 AIAA BU Addendum to AIA Group Underwriting and Claims Management Standard version 2.0, January 2023 AIAA BU Addendum to AIA Group Claims Operations Standard version 2.0, February 2023 AIAA BU Addendum to AIA Group Operations Delegation of Authority Standard version 1.0, December 2020 AIAA Claims Quality Assurance Framework version 4.1, January 2024 AIAA Complaints Management Standard version 5.0, December 2023
Group Business	3.7	AIAA Financial Condition Report volume 1 & 2, 31 December 2023
Management of Participating Business Including Bonus Philosophy	3.8	AIAA Financial Condition Report volume 3, 31 December 2023 AIAA Policyholder Dividend and Bonus Declaration Policy version 13, May 2024
Management of Unit-Linked Business	3.9	AIAA Financial Condition Report volume 2 & 3, 31 December 2023
Investment Strategy and Asset Allocation	3.10	AIAA Financial Condition Report volume 2, 31 December 2023 AIAA Investment Principles and Policy Framework version 7, July 2023 AIAA Asset Mandate Non-Par Fund version 5.0, December 2023
Expense Allocation	3.11	AIAA Financial Condition Report volume 3, 31 December 2023 AIAA 2023 Expense Investigation, December 2023 Scheme Document

Reference	Report Section	Data
Reinsurance Arrangements	3.12	AIAA Reinsurance Report, 31 December 2023 AIAA Reinsurance Management Standard version 9.0, November 2023
Significant Events Subsequent to Financial Reporting Date 31 December 2023	3.13	Transfer Deed
Structure of Statutory Funds	4.1	ILAL Financial Condition Report, 30 June 2023 ILAL Part 9 Actuarial Report
Key Business Line Description	4.2	Briefing from Integra slide presentation "Integrity Retail Insurance Portfolio, Proposal to transfer policy liabilities", 16 February 2024 ILAL Part 9 Actuarial Report
Run-Off Plan	4.3	Option 3C Information Pack, 7 August 2023 ILAL Part 9 Actuarial Report
Retail Contingency Plan	4.4	Retail Contingency Plan approved by Board 180624_Redacted ILAL Part 9 Actuarial Report
Financial Strength	4.5	Retail Contingency Plan approved by Board 180624_Redacted ILAL Part 9 Actuarial Report ILAL Financial Condition Report, 30 June 2023
Capital Management Framework	4.6	Retail Contingency Plan approved by Board 180624_Redacted ILAL Part 9 Actuarial Report
Enterprise Risk Management	4.7	Retail Contingency Plan approved by Board 180624_Redacted ILAL Part 9 Actuarial Report
Individual Business (Here For You)	4.8	ILAL Part 9 Actuarial Report
Ex-QBE Business	4.9	ILAL Part 9 Actuarial Report
Non-Transferring (to AIAA under the Proposed Part 9 transfer) Business	4.10	ILAL Part 9 Actuarial Report
Operations & Administration	4.11	ILAL Part 9 Actuarial Report
Investment Strategy and Asset Allocation	4.12	ILAL Part 9 Actuarial Report
Expenses	4.13	ILAL Part 9 Actuarial Report
Reinsurance	4.14	ILAL Part 9 Actuarial Report
Remediation and Class Actions	4.15	ILAL Part 9 Actuarial Report Transfer Deed ILAL Incident Register, October 2024
Significant Events Subsequent to Financial Reporting Date 31 May 2024	4.16	ILAL Part 9 Actuarial Report

Reference	Report Section	Data
Proposed Part 9 Transfer	5.1	Scheme Document
Financial Strength	5.2	AIAA Financial Condition Report volume 1, 31 December 2023 AIAA Internal Financial Projections
Capital Management	5.3	ILAL Retail Contingency Plan Management Attestation
Enterprise Risk Management	5.4	Management Attestation
Management of Individual Business	5.5	Scheme Document ILAL Part 9 Actuarial Report Supplementary Product Comparison Report to the ILAL Part 9 Actuarial Report Integrity Life Claims Guideline Internal pricing analysis Management Attestation
Management of Group Business	5.6	Management Attestation
Management of Participating Business / Bonus Philosophy	5.7	Management Attestation
Management of Unit-Linked Business	5.8	Management Attestation
Equity Across Policy Owner Groups	5.9	Management Attestation
Expense Allocation	5.10	Management Attestation
Costs Associated with Proposed Part 9 Transfer	5.11	Scheme Document Transfer Deed Management Attestation
Liabilities for Current Remediation Obligations	5.12	ILAL Incident Register, October 2024 Transfer Deed ILAL Part 9 Actuarial Report
Warranties Provided by ILAL	5.13	Transfer Deed
Administration and Systems	5.14	Project Integra Plan on a Page – Data and IT for AA Management Attestation
Taxation Basis	5.15	Management Attestation
Reinsurance arrangements	5.16	Transfer Deed Management Attestation