



PRESS RELEASE

6 February 2017

LCCG announces proposed acquisition of Reliance Mutual

Life Company Consolidation Group (LCCG) is pleased to announce that it has signed an agreement with Reliance Mutual Insurance Society Limited (Reliance Mutual) under which it is proposed that Reliance Mutual will be demutualised and all of its business transferred to a newly formed UK life company established by LCCG.

LCCG is a specialist life assurance group, which is focussed both on the International life market and on the management of in-force policies. The business is backed by funds managed by Oaktree Capital Management, a leading investment management firm which is listed on the NYSE with a market capitalisation of \$6bn and Assets Under Management of \$100bn.

Under the proposed transaction it is expected that:

- Reliance Mutual's members will receive a one-off payment dependent on policy size to compensate for loss of membership rights;
- Members with voting rights will also receive an additional fixed payment compensating them for the loss of their voting rights;
- Policyholders will benefit from enhanced security as a result of LCCG's agreement to capitalise the new life company at a level which is materially in-excess of Reliance Mutual's current capital position;
- With-profits policyholders will benefit from reduced exposure to ongoing operating expenses and the transfer of all liabilities relating to the Reliance Pension Scheme¹; and
- Two of Reliance Mutual's non-executive directors will join the Board of the new life company to provide continuity of oversight for all transferring policyholders.

LCCG has existing operations in the Republic of Ireland and the Isle of Man, having previously acquired seven businesses, including from Aviva and AXA. Total policyholder assets of the LCCG group are currently around £12 billion. The proposed transaction would represent LCCG's first acquisition in the UK and is expected to form the platform for further acquisitions in the UK.

The decision of Reliance Mutual to enter into the agreement with LCCG follows a detailed review of the Society's strategic options. The review was initiated by the Reliance Mutual Board during 2015 as it became clear that the Society faced an increasing challenge to maintain member value whilst operating as a relatively small standalone mutual without access to the capital required to support a viable growth strategy. Having reviewed the options available to the Society the Reliance Mutual

¹ Following the transaction, all of Reliance Mutual's with-profits funds will operate under pre-agreed expense arrangements and all liabilities associated with the Reliance Pension Scheme will transfer to LCCG



Board believes that the proposed transaction is in the best interests of members and proposes to recommend it to members in due course.

The proposed transaction remains subject to member, regulatory and Court approvals, and is expected to complete by the end of 2017.

The Board of Reliance Mutual is being advised by Fenchurch Advisory Partners and Pinsent Masons.

Paul Thompson, Group Chief Executive of LCCG, said:

“We are very pleased to have reached an agreement with the Board of Reliance Mutual. This acquisition will enable us to deliver the next stage of our strategy to operate across the UK in addition to our operations in the Isle of Man and the Republic of Ireland. We believe our financial strength and focused growth strategy will provide Reliance Mutual’s policyholders with long term security and a high quality service going forward.”

Mark Goodale, Chief Executive of Reliance Mutual, commented:

“Having reviewed our options thoroughly, we are very pleased to have reached an agreement with LCCG, who we believe will provide our members with the best value and the long term security that is increasingly difficult to provide as a mutual insurer. This deal also represents increased security to our staff and we will be able to maintain our excellent levels of customer service after the transfer. There will be no reduction to the benefits members receive because of the transfer.”

The parties will now progress a Scheme of Transfer, including a vote by the members of Reliance Mutual on the proposed demutualisation, which will be followed by a hearing in the High Court.

It is expected that members will be sent full details regarding the process in the summer and the High Court will be asked to make its decision towards the end of 2017, with the transfer completing by the end of 2017.

For further information, please contact:

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Notes for editors:

1. LCCG was founded in 2013 with the aim of consolidating life insurers across the UK and Europe. To date it has acquired seven businesses in the Isle of Man (operating through Utmost Wealth Solutions) and the Republic of Ireland (operating through Harcourt Life). It believes that all stakeholders (customers, employees, regulators and capital providers) in sub-scale life companies are better served as part of a specialist vehicle with an active and growing franchise.
2. Reliance Mutual Insurance Society has provided life insurance solutions to the UK population since 1911. It has 200,000 policies, and manages assets of £1.9bn, from its office in Tunbridge Wells, Kent.

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