



UPDATES ON FWU AG AND RELATED SUBSIDIARIES

FWU AG has recently experienced significant financial challenges leading to important developments. Specifically, on 19 July FWU AG filed for insolvency in Germany. The reason for the application is the over-indebtedness of FWU AG. On the same day, the Local Court of Munich ordered provisional insolvency administration for the company's assets and appointed a provisional insolvency administrator.

It's important to underline that the customers (policyholders) are customers of the subsidiaries FWU Life Insurance Lux S.A. (hereinafter "FLL") and FWU Life Austria (hereinafter "FLA"), and not of FWU AG.

Nevertheless, further events have occurred involving also FLL and FLA.

Policyholder protection background

The most important question to answer from customer perspective is about the current status and risks for the money cumulated in the FLL and FLA insurance contract.

Therefore, all existing deposits are safe, and the contrary information is not correct.

Indeed, the assets of FLL customers are safe due to regulatory requirements and are deposited with a third-party bank, Caceis Investor Services, one of the largest custodian banks in the world. In Luxembourg, there is a special system, the so-called "triangle of security", which is designed to protect customers' rights if an insurance company gets into financial difficulties.

On the other hand, FLA, in order to guarantee the fulfilment of policyholder claims, as an insurance company is obliged to form a "cover pool". The cover pool is a special fund of an insurance company that must be managed separately from the company's assets.

FLL suspension of payments and freezing of assets

On 19 July 2024, FLL informed CAA that it no longer meets the minimum regulatory solvency requirements*. On 23 July 2024, in order to protect FLL's solvency, in the interest of policyholders and beneficiaries the CAA's Executive Board decided to freeze FLL representative assets, and therefore suspend any payment to customers.

Furthermore, on the 24 July FLL has petitioned the Luxembourg courts for the application of a suspension of payments scheme due to financial difficulties. This request was granted on 2 August 2024 for a duration of six months, with the appointment of a supervisory commissioner (*commissaire de surveillance*) to monitor the management of the assets and liabilities of FLL.

The consequence of asset freezing and suspension of payments is that FLL is currently unable to pay out any contractual benefits (e.g.: surrender) until January 2025.

Suspension of investments and disinvestments by FWU Invest Lux (hereinafter "FIL")

The invested part of the premiums paid by the customers for their contracts (both for FLL and FLA) goes into investment funds. Some of them (i.e.: Forward Quant, Lucy funds, MD3) are managed by FIL, an investment company (SICAV) belonging to FWU group.

* The minimum capital requirement ("MCR") and the solvency capital requirement ("SCR")



Following the insolvency of FWU AG, FIL Board of Directors decided to temporarily suspend all issuance, redemption, or conversion of shares across all sub-funds. This suspension, along with protective measures by the CAA, means that premiums related to life insurance contracts, where these sub-funds are underlying assets, cannot be invested, and arbitrages cannot be executed. Consequently, any funds collected cannot be invested, and disinvestment requests are currently on hold, rendering the value of the policies undetermined at this time.

This issue affects both FLL and FLA.

In these days, FIL Board of Directors is in the process of re-evaluating its decision, with the aim to restore the normal operations on the funds. Dedicate information will follow in case of updates.

Once again, we would like to emphasize that existing deposits are safe, both for FLL and FLA.

* * *

Looking forward to follow-up on the abovementioned issues, FLL and FLA customer support team, distribution support and the distributors themselves are available for further inquiries.