

Transfer of Insurance Business from Pan-American International Insurance Corporation

Statement of Nature and Terms of the Transfer and Assumption Agreement

Subject to the consent of the Financial Services Commission, the Pan-American Group wishes to reorganise its business in Barbados by way of a scheme of transfer (the “**Scheme**”) pursuant to sections 46,47,48 and 49 of the Insurance Act Cap. 310 of the laws of Barbados, so that the insurance business of Pan-American International Insurance Corporation, will be transferred to, then carried on by Pan-American Life Insurance Company (Barbados) Inc.

The Scheme will be effected under the Transfer and Assumption Agreement (the “**Agreement**”) and it involves the transfer of the Insurance Business, Transferred Assets and the Transferred Liabilities (as defined in the Agreement) of Pan-American International Insurance Corporation to Pan-American Life Insurance Company (Barbados) Inc.

From the Effective Date (as defined in the Agreement), Pan-American Life Insurance Company (Barbados) Inc., will assume liability under contracts of insurance issued by Pan-American International Insurance Corporation and an insured person may enforce any rights accruing to him under any of the contracts of insurance as if they had been issued by Pan-American Life Insurance Company (Barbados) Inc.

The Agreement sets out the terms under which the Scheme will take place, and identifies the assets and liabilities to be transferred and those assets to be excluded, the conditions under which the Scheme must take place such as board and regulatory approvals, and how policy holders will continued to be protected after the transfer takes place.

Summary of the Material Facts in the Transfer and Assumption Agreement

Background

Pan-American International Insurance Corporation (the "**Transferor**"), a company incorporated in the Cayman Islands and registered as an external company in Barbados, is transferring its insurance business to Pan-American Life Insurance Company (Barbados) Inc. (the "**Transferee**"), a company incorporated in Barbados, in accordance with the terms and conditions of the Transfer and Assumption Agreement (the "**Agreement**").

The Transferor is a licensed insurance company that has issued and assumed insurance policies within Barbados, while the Transferee is a licensed insurance company in Barbados who has agreed to assume the insurance business of the Transferor.

Definitions

The Agreement provides definitions for various terms, including "Insurance Business," "Transferred Assets," "Transferred Liabilities," and others related to the transfer of the Insurance Business.

Transfer of Insurance Business and Assets

The Transferor will transfer its right, title, and interest in the Insurance Business and Transferred Assets to the Transferee, effective from the Effective Date. The Transferred Assets consist of assets held by the Transferor concerning its Insurance Business, as listed in Schedule B to the Agreement, including government securities, corporate bonds and debentures, policy loans and accounts receivables.

The Transferee will be entitled to receive all premiums payable in respect of the Insurance Business from the Effective Date.

Transferred Liabilities

On and with effect from the Effective Date, the Transferred Liabilities, as listed in Schedule C to the Agreement, including unexpired risk, claims and life insurance provisions, will be transferred from the Transferor to the Transferee and become liabilities of the Transferee.

Conditions Precedent

The Transfer is subject to conditions, including obtaining approvals from the directors, shareholders, and regulators of both parties.

Effect of Transfer

Upon the Transfer, the Transferee assumes liability under the insurance contracts issued by the Transferor, and insured persons can enforce their rights under such contracts as if they were issued by the Transferee.

Protection of Policy Holders

The Transferee agrees to honour and fulfill all transferred liabilities and related legal obligations to policyholders arising from the Transferor's Insurance Business, starting from the Effective Date. The Transferee will perform these obligations according to the contractual terms and indemnify the Transferor against them.

Human Resource Matters

Prior to Closing, the Transferee will offer continued employment to all employees of the Transferor under the same terms and conditions as provided by the Transferor.

Representations and Warranties

The Agreement includes representations and warranties made by both the Transferor and Transferee regarding their corporate existence, authority, compliance with laws, and other matters related to the Transfer.

Indemnification

The Transferor and Transferee agree to indemnify each other against certain damages, liabilities, losses, and expenses arising from misrepresentations, breaches of warranties, or non-fulfillment of covenants under the Agreement.

General Provisions

The Agreement includes general provisions related to notices, governing law, dispute resolution, amendments, assignment, counterparts, and termination.

Summary of Actuarial Opinion

INRECO International Reinsurance Company (“INRECO”, “the Company”) is transferring its Barbados insurance portfolio from its wholly owned subsidiary, Pan-American International Insurance Corporation (“PAIIC-Barbados”), to a new subsidiary, Pan-American Life Insurance Company (Barbados) Inc. (“PALIC-Barbados”). Oliver Wyman conducted a peer review of the actuarial methods and assumptions used to value the liabilities for this transfer under the IFRS 4 reporting standard.

As of September 30, 2024, PAIIC-Barbados held total reserves of BBD \$65.9 million for the policy liabilities which are to be transferred to PALIC-Barbados as at September 30, 2024. The reserves designated for transfer to PALIC-Barbados are at the same level and have been calculated using the same reserving basis as that of the previous company, PAIIC-Barbados, as at September 2024.

Oliver Wyman’s consent to any distribution of this summary to parties other than Oliver Wyman’s client, INRECO International Reinsurance Company, does not constitute advice by Oliver Wyman to any such third parties. Any distribution to third parties shall be solely for informational purposes and not for purposes of reliance by any such parties.

Oliver Wyman shall not have any liability to any third party in respect of this certificate or any actions taken or decisions made as a consequence of the results, advice or recommendations set forth herein. This certificate should not replace the due diligence on behalf of any such third party. This certificate does not represent investment advice or provide an opinion regarding the fairness of any transaction to any and all parties.

Oliver Wyman’s review process included verifying compliance with ASB standards and assessing the appropriateness of the key assumptions and methods used for an IFRS4 reporting basis. Oliver Wyman relied upon the work of others.

Reliance for the accuracy and completeness of the product design features and financial and policyholder data was placed on the Company. Oliver Wyman also relied on the Company's auditor as we did not perform any audit or conduct an independent verification of the final information provided to Oliver Wyman.

Should you have any questions, you are invited to view the complete document by visiting our Office located at 197, Cheapside, Bridgetown, Barbados at a mutually convenient time.