

Summary of the Independent Expert's Report

Proposed transfer of the reinsurance and general
insurance business of River Re Limited to Riverstone
Insurance (UK) Limited

Part 4 Summary of the Independent Expert's Report

The following is a summary of the Independent Expert's Report prepared by the Independent Expert, Charl Cronje of Lane Clark & Peacock LLP.

*Summary Report of the Independent Expert on
the proposed transfer of insurance business from*

***River Re Limited to
Riverstone Insurance (UK) Limited***

*in accordance with Part VII of the Financial
Services and Markets Act 2000*

*For the High Court of Justice of England and
Wales*

13 October 2025

*Prepared by:
Charl Cronje FIA
LCP*

River Re Limited to Riverstone Insurance (UK) Limited

Transfer of insurance business

Summary of the Independent Expert's Scheme Report for the High Court of Justice of England and Wales

1. The Proposed Transfer

The firms involved

River Re Limited (River Re) is a UK-based reinsurance company in run-off. It underwrote a variety of non-life reinsurance and insurance business between January 2005 and July 2015. River Re is owned by AXA DBIO II, a buyout fund managed by AXA Liabilities Managers (AXA LM).

Riverstone Insurance (UK) Limited (RIUK) is part of the RiverStone International Holdings Limited (RIHL) Group. RIUK acquires new portfolios of legacy non-life insurance business using traditional reinsurance structures and Part VII transfers. Its portfolio consists of a variety of non-life insurance products, including casualty, motor and general liability.

The Transferring Business

The Part VII transfer (Proposed Transfer) seeks to legally transfer to RIUK all insurance and reinsurance policies underwritten, issued or assumed by River Re.

The Transferring Business represents approximately 100% by number and 100% by value of the River Re's current liabilities as at 31 December 2024 and, if the transfer is sanctioned, will represent approximately 4% (by number of open claims) and 15% (by value of net UK GAAP reserves) of the RIUK's existing business, based on data as at 31 December 2024.

The Transferring Business comprises predominantly non-life reinsurance business, as well as a small proportion of direct insurance business. The transferring policies were underwritten between January 2005 and July 2015 across a range of lines of business including property, casualty and engineering. Most of the outstanding liabilities from the Transferring Business are in respect of motor liability and, to a lesser extent, professional indemnity, property, political risks and general liability. The majority (98%) of the Transferring Business was placed through brokers.

On 31 December 2024, in preparation for the Proposed Transfer, River Re and RIUK entered into a Loss Portfolio Transfer (LPT) agreement relating to the Transferring Business. Under the LPT agreement, all the liabilities arising from the Transferring Business were reinsured by RIUK. River Re agreed to continue to perform the claims handling and administration services in respect of the Transferring Business, for an agreed fee, pending the Proposed Transfer.

The LPT agreement includes a collateral arrangement pursuant to which RIUK has committed to maintaining a specified level of collateral above the reserves amount, which is held in a combination of Trust Accounts and Working Accounts held by River Re. The collateral

requirement is recalculated and adjusted at each collateral valuation date. The collateral valuation date is the last business day of each calendar quarter up until the date of the Proposed Transfer or the termination of the LPT agreement, whichever is earlier.

River Re and RIUK entered into a Business Transfer Agreement (BTA) on 31 December 2024. The BTA was entered into with a view to RIUK carrying on the Transferring Business in succession to River Re, and RIUK and River Re entering into the LPT agreement described above. If the Proposed Transfer is not completed by 31 December 2027 (the Longstop date), the BTA and LPT agreement may be terminated. In this situation, the LPT agreement would be commuted back to River Re, at a pre-agreed commutation price that is a fixed percentage of reserves plus the claims float amount held in the Working Accounts. Any remaining amounts in the Trust Accounts would be returned to RIUK. River Re's beneficial interest in the Trust Assets would cease and River Re policyholders would be reliant on River Re's ongoing financial strength to ensure that their claims are paid.

Further detail of the Transferring Business is set out in section 3 of my Scheme Report.

Transferring Policyholders

All River Re policyholders will have their policies transferred to RIUK as part of the Proposed Transfer. River Re has identified 6,042 transferring policies across 1,119 Transferring Policyholders.

Effective Date

The Effective Date of the Proposed Transfer is expected to be 31 January 2026, shortly after the Sanctions Hearing which is scheduled for the week commencing 26 January 2026.

Reinsurance

River Re's existing outwards reinsurance policies are provided by:

- Australian Reinsurance Pool Corp (ARPC)
- Tokio Marine Kiln; and
- Pool Re.

The Tokio Marine Kiln and Pool Re outwards reinsurance policies will be transferred to RIUK as part of the Proposed Transfer.

By contrast, the ARPC reinsurance will not automatically transfer to RIUK as part of the Proposed Transfer. River Re has therefore engaged with ARPC to seek a novation of the reinsurance contract from River Re to RIUK. ARPC has confirmed in writing that it is comfortable with the novation provided RIUK agrees to the current operative wording of

the reinsurance policy. RIUK has confirmed that it accepts the policy wording as is. Once the Proposed Transfer becomes effective, ARPC will be notified, and a name change endorsement to reflect RIUK as the new policyholder will be executed.

In the unlikely event that the novation of the ARPC contract does not proceed as expected, the Proposed Transfer is not contingent on this. There have been no notified claims on this contract, and there are no open claims or reserves. River Re and RIUK consider the likelihood of future claims on this contract to be minimal. Should the novation not be successful, River Re would withdraw from the policy. RIUK has confirmed that it is comfortable with this position and, if the ARPC outwards reinsurance contract cannot be novated, this will not have a material impact on the transfer.

Given that there are no notified or open claims or reserves on this contract, and the likelihood of future claims is minimal, I am comfortable that the security provided to Transferring Policyholders will not be materially adversely affected by the Proposed Transfer in this regard. I will provide an update on the progress of the novation of this contract in my Supplementary Report.

The Proposed Transfer will not affect the underlying terms and conditions of such reinsurance arrangements. RIUK and River Re have confirmed that all existing reinsurance arrangements, other than as noted above, will continue following the Proposed Transfer.

Claims handling

AXA LM, on behalf of River Re, has been managing the claims in relation to the Transferring Business since 18 August 2020. Under the LPT agreement, River Re continues to be responsible for claims handling but may set a migration date, following notification to policyholders in relation to the Proposed Transfer, prior to the Effective Date. With effect from the migration date, RIUK shall be responsible for the claims handling and administration of the Transferring Business.

AXA LM sets case reserves as advised by cedants. The RIUK claims department seeks to accurately reserve claims in line with the Reserving Guidelines and to settle claims at the correct measure of indemnity, inclusive of fees, expenses, costs and interest. The claims team follows a best estimate reserving philosophy as it provides for the most likely outcome of each case taking into account the underlying claim circumstances and policy details.

RIUK has extensive experience in acquiring books of insurance business. It transfers the claims and policy data from the seller to its systems, ensuring that there is no disruption to the handling and settlement of claims for the Transferring Business during the transition.

The RIUK and River Re operational teams are currently collaborating to achieve a clear understanding of systems, processes, policies and records in preparation for a smooth transition. This has included the RIUK IT team analysing subsets of River Re's data, and both teams having initial conversations with third parties on any system changes that need to be implemented.

The scale of the Proposed Transfer, in terms of the volume of claims, is small relative to the wider RIUK portfolio. The

RIUK claims team is currently (as at July 2025) handling approximately 18,000 open claims (or approximately 11,000 excluding nil claims). The number of open claims from River Re as at Q2 2025 was 764 claims. It is expected that a similar number of claims will be involved in the Proposed Transfer. River Re's open claim numbers represent approximately 4% of RIUK's current open claim count. As such, RIUK does not expect its claims handling procedures to change for Existing Policyholders as a result of the Proposed Transfer.

Sanctions

Through AXA LM's sanctions screening process, 167 policies have been identified as being Potentially Sanctioned. "Potentially Sanctioned" policies are contracts of insurance and reinsurance underwritten by River Re which have touchpoints to persons or jurisdictions targeted by EU, UK, UN or US sanctions. Of these 167 policies, River Re has identified 48 policies with direct or indirect touchpoints to parties directly targeted by UK or EU Russian Financial sanctions. There is a total of 41 policyholders in respect of the 167 Potentially Sanctioned policies.

There are no open claims or outstanding premiums attaching to these Potentially Sanctioned policies. The likelihood of a new claim being notified is low, particularly given that policies were written between 2005 and 2015. There are also no reserves attached to any of the Potentially Sanctioned policies, other than in the case of a small number of policies which are Proportional Treaties which do hold reserves. Where this is the case, none of these reserves relate to parties identified on these policies as having touchpoints to parties targeted by EU, UK, UN or US sanctions.

No policies have been identified as requiring a licence to transfer.

AXA LM has considered the Potentially Sanctioned policies in conjunction with its legal advisers, and established that, in light of the particular characteristics of these policies (such as their age profile, type, and absence of claims against them), all policies included in River Re's book, including the identified Potentially Sanctioned policies, can be included in the Proposed Transfer without breaching EU, UK, UN, or US sanctions. River Re and RIUK have entered into a deed of transfer in respect of the Potentially Sanctioned policies.

I have been provided with a note summarising the legal advice provided to AXA LM and River Re regarding the transferability of the Potentially Sanctioned policies. This legal advice concluded that it is proportionate and defensible for River Re to conclude the transfer of the Potentially Sanctioned Policies pursuant to the Part VII Transfer without requiring authorisation under any EU, UK and/or US sanctions licence.

Following the Proposed Transfer, RIUK's primary focus will be to ensure that claims payments are not made in contravention of relevant sanctions regimes and other financial crime laws and regulations. RIUK has appropriate systems and controls in place for this purpose.

2. My role as Independent Expert

River Re and RIUK have jointly appointed me to act as the Independent Expert (IE) for the Proposed Transfer. The Prudential Regulation Authority (PRA), in consultation with the Financial Conduct Authority (FCA), has approved my appointment.

As IE, my overall role is to assess whether:

- The security provided to policyholders of River Re and RIUK will be materially adversely affected by the implementation of the Proposed Transfer.
- The Proposed Transfer will have any adverse impact on service standards experienced by policyholders.
- Any reinsurer of River Re or RIUK covering the Transferring Business will be materially adversely affected by the Proposed Transfer.

3. Summary of my conclusions

I have set out below my summary conclusions, considering the effect of the Proposed Transfer on the following three parties:

- “Transferring Policyholders”, defined as all River Re policyholders whose policies will transfer to RIUK under the Proposed Transfer.
- “Existing Policyholders”, i.e. policyholders of RIUK immediately prior to the Proposed Transfer, who will remain policyholders with RIUK after the Proposed Transfer.
- Reinsurers of River Re and RIUK covering the Transferring Business.

There are no “Non-transferring Policyholders”, as all River Re policies will transfer to RIUK under the Proposed Transfer.

In drawing my conclusions, I have considered the impact of the Proposed Transfer on all underlying Claimants and Beneficiaries as described above and including eg the dependants of policyholders.

4. The IE’s Scheme Report

This is a summary of my full Scheme Report, “Scheme Report of the Independent Expert on the proposed transfer of insurance business from River Re Limited to Riverstone Insurance (UK) Limited in accordance with Part VII of the Financial Services and Markets Act 2000”.

Unless otherwise stated, defined terms used in this summary report shall be the same meaning as set out in my full Scheme report. A copy of the full Scheme Report will be available for download free of charge on the Transfer website, which is accessible via the River Re and RIUK websites.

I will also prepare a Supplementary Report ahead of the Sanctions Hearing for the Proposed Transfer. The purpose of the Supplementary Report is to confirm and/or update my conclusions on the Proposed Transfer, based on any new material or issues that arise, including any objections raised by any interested parties.

5. Transferring Policyholders

I have concluded that the security provided to Transferring Policyholders will not be materially adversely affected by the Proposed Transfer.

I have concluded that no material impact on service standards is expected for Transferring Policyholders following the Proposed Transfer.

All River Re policyholders will have their policies transferred to RIUK as part of the Proposed Transfer. River Re has identified 6,042 Transferring policies across 1,119 Transferring Policyholders.

Summary rationale:

- I am satisfied that the approaches used to calculate the UK GAAP and Solvency UK technical provisions for the Transferring Business in RIUK are appropriate, and RIUK has confirmed that these will be materially unchanged post-transfer. My opinion is based on a review of RIUK’s review of reserves, an external independent review of the reserving methodology for the Transferring Business as at 31 December 2024 and the actual versus expected claims development compared to those reviews. I intend to review RIUK’s reserves in the context of actual versus expected claims experience for the Transferring Business over the period to 30 September 2025, and I will report on this in my Supplementary Report.
- The SCR coverage ratio for Transferring Policyholders is expected to reduce from 663% to 209% as a result of the Proposed Transfer. I do not consider the security provided to Transferring Policyholders to be materially adversely affected by this change in SCR coverage ratio as RIUK will still be very well capitalised. Further, in making this judgement, I have taken into account that RIUK’s own funds are c.5 times higher than River Re’s, so Transferring Policyholders will have access to a significantly higher volume of assets.
- On the face of it, the reduction in SCR coverage ratio for Transferring Policyholders from 663% to 209% would appear to be a significant fall in capital strength. However, the SCR is calibrated such that a 100% coverage ratio would equate to a 0.5% probability of insolvency over the next year. A 209% coverage ratio therefore equates to a remote probability of insolvency (i.e. much less than 0.5%). The difference in capital coverage ratios of 663% and 209% does not, in my opinion, equate to a material difference in the probability of insolvency. In addition, the excess of own funds less the SCR for the Transferring Policyholders post-transfer in RIUK is expected to be £111m, approximately 3 times the amount pre-transfer in River Re (£34m).
- RIUK has provided capital projections until 31 December 2030, which indicate that RIUK will remain very well capitalised, based on the existing and Transferring Business running off over time. In an alternative scenario where RIUK takes on additional portfolios in line with its business plan and releases reserves, I am satisfied that RIUK is projected to remain well capitalised over this period.

- I am satisfied that RIUK is expected to have sufficient capital under a range of adverse scenarios in relation to both the Transferring Business and its other business. In more extreme adverse scenarios, where RIUK's SCR coverage ratio would fall below 100%, I am satisfied that the likelihood of such scenarios is sufficiently remote that Transferring Policyholders are not materially adversely affected as a result of the Proposed Transfer. I note that the scenarios are conservative in that they make no allowance for management actions that could be taken to help restore capital levels.
- The collateral arrangements through the LPT agreement provide the Transferring Policyholders with additional protection prior to the Proposed Transfer in the scenario where RIUK experienced significant financial difficulties. Following the Proposed Transfer, the LPT agreement is terminated automatically and the collateral arrangement will fall away. I am satisfied that policyholders are not materially worse off after the Proposed Transfer following loss of the collateral through the LPT agreement. This is because:
 - a) the scenario where RIUK would be unable to pay claims following the Proposed Transfer is remote;
 - b) the BTA contains a long stop date of 31 December 2027, after which it would be terminated and, following which, the LPT agreement can be terminated and unwound i.e. the policyholders may then not be benefitting from the collateral arrangements after this point; and
 - c) RIUK is obliged to top up the collateral following deterioration in reserves but, in the event of financial difficulty, for example, this obligation is unsecured.
- RIUK is a UK entity so the Transferring Policyholders will continue to be regulated in the UK following the Proposed Transfer. The rights of policyholders in respect of access to the Financial Services Compensation Scheme (FSCS) or Financial Ombudsman Service (FOS) will not change as a result of the Proposed Transfer.
- The claims handling of the Transferring Business will move to being managed by RIUK either before the Effective Date as part of the migration process or upon completion of the Proposed Transfer. The scale of the Proposed Transfer is relatively small in claims terms, relative to the wider RIUK portfolio. River Re's open claim volumes make up c. 4% of RIUK's open claims. RIUK and River Re are working collaboratively to achieve a better understanding of systems and processes to help plan for a smooth transition.

6. Existing Policyholders

I have concluded that the security provided to Existing Policyholders will not be materially adversely affected by the Proposed Transfer.

I have concluded that no material impact on service standards is expected for Existing Policyholders following the Proposed Transfer.

As at 31 December 2024, RIUK had 5.1 million existing policies (approximately 5,920 of which had open claims as at 31 March 2025). River Re's 6,042 transferring policies

will therefore make up a small proportion (approximately 0.1%) of RIUK's projected post-transfer policies.

Summary rationale:

- I am satisfied that the approaches used to calculate the UK GAAP and Solvency UK technical provisions for RIUK are appropriate, and RIUK has confirmed that these will be materially unchanged post-transfer.
- The SCR coverage ratio for Existing Policyholders is expected to increase slightly from 200% to 209% as a result of the Proposed Transfer. Therefore I do not consider the security provided to Existing Policyholders to be materially adversely affected by the Proposed Transfer.
- Further, RIUK has provided capital projections until 31 December 2030 which indicate that RIUK will remain well capitalised in a scenario where it simply runs off the existing and Transferring Business or in a scenario where it takes on additional portfolios.
- I am satisfied that RIUK is expected to have sufficient capital under a range of adverse scenarios in relation to both the Transferring Business and its other business. In more extreme adverse scenarios, where RIUK's SCR coverage ratio would fall below 100%, I am satisfied that the likelihood of such scenarios is sufficiently remote such that Transferring Policyholders are not materially adversely affected as a result of the Proposed Transfer. I note that the scenarios are conservative in that they make no allowance for management actions to restore capital levels.
- RIUK is not planning any material changes to how its existing business is carried out. In particular, there are no plans to change how Existing Policyholders are serviced following the Proposed Transfer.

7. Reinsurers

I have concluded that reinsurers who provide cover for the Transferring Business will not be materially adversely affected by the Proposed Transfer.

I have considered the position of reinsurers of River Re who currently provide cover for the Transferring Business.

Summary rationale:

- River Re and RIUK have both confirmed that all existing reinsurance arrangements that are in place for each respective entity will continue following the Proposed Transfer, with the potential exception of the ARPC outwards reinsurance policy currently held by River Re.
- River Re has engaged with ARPC to seek a novation of the reinsurance contract from River Re to RIUK. ARPC has confirmed in writing that it is comfortable with the novation provided RIUK agrees to the current operative wording of the reinsurance policy. RIUK has confirmed that it accepts the policy wording as is. Once the Proposed Transfer has taken place, ARPC will need to be notified, and it will draft a name change endorsement to reflect RIUK as the new policyholder.
- In the unlikely event that the novation of the ARPC contract does not proceed as expected, the Proposed Transfer is not contingent on this. There have been no notified claims on this contract, and there are no open

claims or reserves. River Re and RIUK consider the likelihood of future claims on this contract to be minimal. Should the novation not be successful, River Re would withdraw from the policy. RIUK has confirmed that it is comfortable with this position and, if the ARPC outwards reinsurance contract cannot be novated, this will not have a material impact on the transfer. I am satisfied that the security provided to Transferring Policyholders will not be materially adversely affected by the Proposed Transfer in this regard.

- The Proposed Transfer will not affect the underlying terms and conditions of the other existing reinsurance arrangements. RIUK will assume all of River Re's rights and obligations under these arrangements for the Transferring Business including any entitlements in respect of reinsurance recoveries, with effect from the Effective Date.
- The reinsurers of the Transferring Business will be exposed to the same claims following the Proposed Transfer.
- RIUK is a key reinsurer of the Transferring Business under the LPT agreement and provides 100% reinsurance to River Re, after the application of the other external reinsurance contracts. Following the transfer, there is no change in economic risk as RIUK will insure or reinsure these policyholders directly rather than via the LPT agreement.
- All the reinsurers of the Transferring Business will be informed of the Proposed Transfer.

8. Further information and next steps

Further details on my conclusions, and other supporting information, are set out in my full Scheme Report.

I will be reviewing these conclusions and preparing a Supplementary Report ahead of the Sanctions Hearing for the Proposed Transfer. The purpose of the Supplementary Report is to confirm and/or update my conclusions based on any new material or issues that arise and any objections received from interested persons.

Specific issues that I have highlighted in the full Scheme Report and this Summary Report which require further review include:

- Any updates to the reserves or actual versus expected claims experience over the period to Q3 2025 in respect of the Transferring Business;
- Any updates to the financial information provided in this report e.g. updated reserve estimates and financial projections including SCR coverage ratios and balance sheets;
- The implementation of the communication plan for Transferring Policyholders;
- Any policyholder objections received; and
- Any developments regarding the structure of the Proposed Transfer.



Charl Cronje

Fellow of the Institute and Faculty of Actuaries

13 October 2025

Professional standards

Our work in preparing this document and the associated documents described above complies with Technical Actuarial Standard 100: Principles for Technical Actuarial Work and Technical Actuarial Standard 200: Insurance.

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