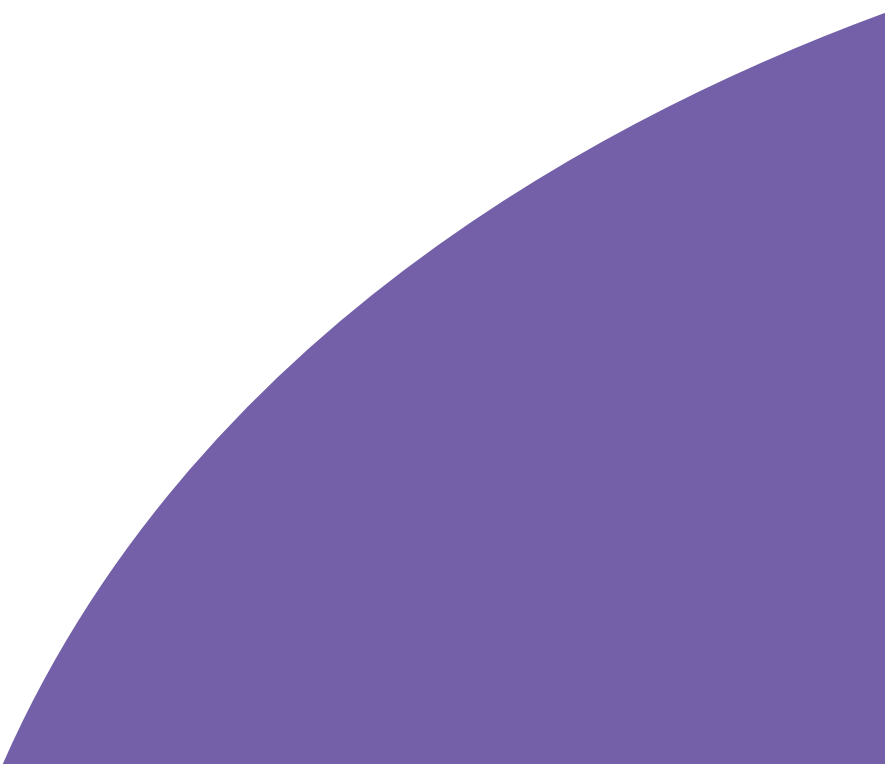


Channel Islands information booklet



The proposed transfer of the engagements of Scottish Friendly Assurance Society Limited (**Scottish Friendly**) to Family Assurance Friendly Society Limited (**Family Assurance**, trading as “OneFamily”) is referred to below as the “**Transfer**”.

Capitalised terms used in this booklet have the meanings given to them in the Glossary at the end of this booklet unless otherwise defined.

The Jersey Scheme

Scottish Friendly

Scottish Friendly has carried on some of its business in or from within Jersey. Scottish Friendly and Family Assurance will ask the Royal Court of Jersey to approve a scheme for the transfer of this business to Family Assurance.

Family Assurance

If the Jersey Scheme takes effect, all assets, liabilities and policies of Scottish Friendly, forming part of the business carried on in or from within Jersey, will transfer to Family Assurance, who will become responsible for administering those policies. Policies originally issued and administered by Family Assurance will continue to be issued and administered by Family Assurance in the same way as before.

The Jersey Court process

The Jersey Scheme is subject to a Jersey court process, which is explained below. If your policy forms part of the business carried on in or from within Jersey, the content of this leaflet applies to you.

To carry out the transfer under the Jersey Scheme, Scottish Friendly and Family Assurance will seek approval from the Royal Court of Jersey. The Royal Court of Jersey will only approve the transfer if it is satisfied, having considered the

views of the Independent Actuary, that the proposals meet all necessary legal requirements, including having no material adverse effect on receipt of payments due to policyholders. The Royal Court of Jersey will also take into account any comments from the JFSC.

When is the Court hearing in Jersey?

The hearing at the Royal Court of Jersey is expected to be at 9:00am on Thursday 4 February 2027 at the Royal Court of Jersey, Royal Court House, Royal Square, St Helier, Jersey JE1 1BA. If this time or date should change, we will notify you by putting the new time or date on our website.

What happens if we do not receive approval from the Royal Court of Jersey?

If Scottish Friendly and Family Assurance do not receive approval from the Royal Court of Jersey, none of the business of Scottish Friendly will transfer to Family Assurance.

When will the Jersey policies transfer?

If the Royal Court of Jersey gives its approval, we expect the transfer to take place on 28 February 2027.

What if I have concerns about the Jersey Scheme?

If you have concerns about the proposed transfer and feel you may be adversely affected, you can object to the Jersey Scheme.

If you'd like to object to the Jersey Scheme

You can raise your concerns or object to the Jersey Scheme in the following ways.

1. By calling our helpline, writing to us or completing the online form

Please let us know if you have any concerns about the Jersey Scheme. If we can't address your concerns and you'd like to raise an objection, we'll make the Royal Court of Jersey, the Independent Actuary and our regulators aware of your objection before the hearing. The Royal Court of Jersey would then take the objection into consideration when reaching its decision.

2. By attending the Court hearing and presenting your objection in person

If you'd like to, you can attend the hearing at the Royal Court of Jersey, either in person or through a legal representative. You can also make the written representations directly to the Royal Court of Jersey. Please send your letter to: The Royal Court of Jersey, Royal Court House, Royal Square, St Helier, Jersey JE1 1BA including 2026/258 as a reference. Please also send a copy to us.

The Guernsey Scheme

Scottish Friendly

Scottish Friendly has issued policies to policyholders resident in the Bailiwick of Guernsey. Scottish Friendly and Family Assurance will ask the Royal Court of Guernsey to approve a scheme for the transfer of this business to Family Assurance.

Family Assurance

If the Guernsey Scheme takes effect, all assets, liabilities and policies of Scottish Friendly, forming part of the business written for policyholders resident in the Bailiwick of Guernsey, will transfer to Family Assurance, who will become responsible for administering those policies. Policies originally issued and administered by Family Assurance will continue to be issued and administered by Family Assurance in the same way as before.

The Guernsey Court process

The Guernsey Scheme is subject to a Guernsey court process, which is explained below. If you are a policyholder resident in Guernsey, the content of this leaflet applies to you.

To carry out the transfer under the Guernsey Scheme, Scottish Friendly and Family Assurance will seek approval from the Royal Court of Guernsey. The Royal Court of Guernsey will only approve the transfer if it is satisfied, having considered the views of the Independent Actuary, that the proposals meet all necessary legal requirements, including having no material adverse effect on receipt of payments

due to policyholders. The Royal Court of Guernsey will also take into account any comments from the GFSC.

When is the Court hearing in Guernsey?

The hearing at the Royal Court of Guernsey is expected to be at 9.30am on Friday 12 February 2027 at the Royal Court of Guernsey, The Royal Court House, St Peter Port, Guernsey GY1 2NZ. If this time or date should change, we will notify you by putting the new time or date on our website.

What happens if we do not receive approval from the Royal Court of Guernsey?

If Scottish Friendly and Family Assurance do not receive approval from the Royal Court of Guernsey, none of the business of Scottish Friendly will transfer to Family Assurance.

When will the Guernsey policies transfer?

If the Royal Court of Guernsey gives its approval and all other required approvals are obtained, we expect the transfer to take place on 28 February 2027.

What if I have concerns about the Guernsey Scheme?

If you have concerns about the proposed transfer and feel you may be adversely affected, you can object to the Guernsey Scheme.

If you'd like to object to the Guernsey Scheme

You can raise your concerns or object to the Guernsey Scheme in the following ways:

1. By calling our helpline, writing to us or completing the online form

Please let us know if you have any concerns about the Guernsey Scheme. If we can't address your concerns and you'd like to raise an objection, we'll make the Royal Court of Guernsey, the Independent Actuary and our regulators aware of your objection before the hearing. The Royal Court of Guernsey would then take the objection into consideration when reaching its decision.

2. By attending the Court hearing and presenting your objection in person

If you'd like to, you can attend the hearing at the Royal Court of Guernsey, either in person or through a legal representative.

Summary of the Jersey Scheme and the Guernsey Scheme

This section summarises the main terms of the Jersey Scheme and the Guernsey Scheme and explains how the Jersey Scheme and the Guernsey Scheme would affect members and policyholders of both Scottish Friendly and Family Assurance if the Transfer goes ahead.

Summary of the Transfer - what it means for members and policyholders

The entire insurance business of Scottish Friendly is proposed to transfer to Family Assurance.

Approval and Effective Date

The Transfer can only take place if:

- the Royal Court of Jersey approves the Jersey Scheme;

- the Royal Court of Guernsey approves the Guernsey Scheme; and
- the Prudential Regulation Authority (PRA), after consulting the Financial Conduct Authority (FCA), confirms the Transfer.

Each of the Jersey Scheme and the Guernsey Scheme will only proceed once each of these events has occurred.

The proposed Effective Date of the Transfer is 28 February 2027, or a later date approved by the FCA.

Policies and benefits

If the Transfer takes effect:

- all assets, liabilities and policies of Scottish Friendly will transfer to Family Assurance;
- Family Assurance will become responsible for administering those policies; and
- the terms, conditions, guarantees and benefits of transferred policies will not change as a result of the Transfer, except as noted below under the heading **with-profits policies**.

Policies originally issued and administered by Family Assurance will continue to be administered by Family Assurance in the same way as before.

Membership

- Members of Scottish Friendly will become members of Family Assurance on the Effective Date.
- Members of Family Assurance will continue to be members of Family Assurance.

After the Transfer, all members will have the same membership rights within Family

Assurance under its rules. Where a policy does not carry membership rights before the Transfer, this position will not change solely because of the Transfer.

With-profits policies

Members and policyholders who hold with-profits policies with Scottish Friendly should note that:

- the Scottish Legal Life, Marine & General Mutual and Manulife sub-funds will continue after the Transfer as separate ring-fenced funds within Family Assurance, and will continue to be managed in accordance with their established Principles and Practices of Financial Management;
- a new with-profits fund (the **SFAS sub-fund**) will be established within Family Assurance and the with-profits policyholders currently invested in the Scottish Friendly Main Fund will be transferred into this new sub-fund at the point the Merger completes. In order to commute future expectations in relation to ProfitShare distributions which would have arisen in the Scottish Friendly Main Fund, a one-off payment will be made into the SFAS sub-fund at the point the Merger completes, in addition to the assets otherwise attributed to the relevant with-profits policies. This will support enhancements to policy values over time;
- the SFAS sub-fund will be managed in accordance with a new Principles and Practices of Financial Management for that sub-fund, which is expected to be based on the Principles and Practices

of Financial Management currently applying to the Scottish Friendly Main Fund, other than for some minor amendments to reflect the specifics of the Merger with Family Assurance and the impact this has on ProfitShare; and

- all with-profits sub-funds will be managed with ongoing independent actuarial oversight.

Following the Transfer, the SFAS sub-fund will be closed to new business other than in respect of contractual increments.

Management and governance after the Transfer

Following the Transfer:

- the future Family Assurance Board will manage the combined Society, and it will include current board members from both Scottish Friendly and Family Assurance, ensuring continuity of experience and understanding from both Societies; and
- the enlarged Society will continue to be regulated by the PRA and the FCA and will be required to meet all applicable financial and governance standards. In addition, it will be regulated by the JFSC in Jersey and able to carry on the business written for policyholders resident in the Bailiwick of Guernsey.

Subject to regulatory approval it is expected that the following appointments will be made. The current Chair of Scottish Friendly will become the Chair of Family Assurance.

The current Chief Executive Officer of Family Assurance will remain as the Chief Executive Officer of Family Assurance in its enlarged form. The current Chief Finance Officer of Scottish Friendly will become Chief Finance Officer of the enlarged Society. Three other non-executive directors of Scottish Friendly will become members of the future Family Assurance Board. Three non-executive directors and one executive director of Family Assurance will retire.

Costs

The costs of the Transfer will be met by each of Scottish Friendly and Family Assurance. Members' and policyholders' benefits will not be reduced to meet these costs.

What does not change

The Transfer:

- does not reduce policy benefits;
- does not alter existing policy terms and conditions; and
- does not require members or policyholders to take any action (other than voting on the Special Resolution to approve the Transfer).

After the Transfer, Scottish Friendly will be dissolved and will cease to exist as a separate friendly society.

The Transfer will not conflict with any contractual commitment of either Society, nor those of any of their respective subsidiaries.

Summary of the Independent Actuary's Report

Scottish Friendly and Family Assurance are required to provide to the Royal Court of Jersey and the Royal Court of Guernsey, a report on the terms of the Jersey Scheme and Guernsey Scheme, respectively, by an independent actuary.

The text below is a summary of the Report of the Independent Actuary, Mr Nick Ford FIA, Partner at Barnett Waddingham LLP, part of the Howden Group on the proposed Transfer from Scottish Friendly to Family Assurance.

The full report provides details of the Independent Actuary, a statement of his independence, the basis of preparation of the report, a statement of reliance and limitations and the full body of the report and its conclusions. A full copy of the report may be obtained, free of charge, from the registered offices of either Society, at www.onefamily.com/sgm or <http://www.scottishfriendly.co.uk/contact-us> or on request by emailing members@onefamily.com or memberfeedback@scottishfriendly.co.uk. You can also obtain a full copy, free of charge, in Jersey or Guernsey by attending the offices of Mourant Ozannes (Jersey) LLP at 22 Grenville Street, St Helier, Jersey, JE4 8PX or Mourant Ozannes (Guernsey) LLP at Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey, GY1 4HP.

Overview

My role is to consider the likely effects of the Transfer on the policyholders of Scottish Friendly and Family Assurance. In doing so, I consider the impact on different groups of policyholders.

I have considered both the likely positive and the likely adverse effects. In considering the likely adverse effects, I have assessed whether the Transfer would have a 'material adverse effect' on any group of policyholders in relation to a set of relevant factors. These include benefit expectations, benefit security, administration and service standards, and governance and management. This assessment is ultimately a matter of judgement about the likelihood and impact of possible future events. I have summarised my assessment below.

Impact on benefits expected to be paid to policyholders

With-profits policyholders transferring from Scottish Friendly to Family Assurance

The guaranteed benefits of Scottish Friendly with-profits policyholders will be unchanged following the Transfer. With-profits policyholders in the Scottish Friendly Main Fund will move to a new ring-fenced with-profits sub-fund within Family Assurance. The current ProfitShare arrangement will be removed and a lump sum will be added to the new sub-fund. This amount is intended to reflect the value of the future ProfitShare payments that eligible policyholders might reasonably have expected to receive. It will support the enhancement of future policy values for eligible policies within the sub-fund. Eligible policyholders will therefore receive greater certainty over this value. I am satisfied that these arrangements appropriately recognise policyholders' reasonable expectations in relation to future ProfitShare payments and will not

have a material adverse effect on the benefits they expect to receive.

The three existing Scottish Friendly ring-fenced with-profits funds will transfer into equivalent ring-fenced funds within Family Assurance. I do not expect the Transfer to have a material adverse effect on the benefits expected to be paid to policyholders in those funds.

Other policyholders transferring from Scottish Friendly to Family Assurance

There will be no change to the terms and conditions of non-profit policies, including unit-linked policies, transferring from Scottish Friendly to Family Assurance. There will be no change to the way in which these policies are managed, including, where relevant, the charges, expenses and range of funds available to invest in. I therefore do not expect the Transfer to result in either a reduction in the benefits paid to or an increase in the premium required from any of Scottish Friendly's current non-profit policyholders whose policies are to be transferred to Family Assurance.

Family Assurance's existing policyholders

Similar to the Scottish Friendly non-profit policyholders, there will be no change to the way the policies of Family Assurance's existing policyholders are managed. I therefore do not expect the Transfer to result in either a reduction in the benefits paid to or an increase in the premium required from any of Family Assurance's existing policyholders.

Security of policyholder benefits

Policyholders transferring from Scottish Friendly to Family Assurance

I do not expect the Transfer to significantly reduce the security of benefits for policyholders transferring from Scottish Friendly to Family Assurance.

Both Scottish Friendly and Family Assurance maintain internal policies governing the amount of financial resources that they must retain. In each case, this amount exceeds the minimum required by regulation.

Family Assurance has considered the capital management policy that would apply following the Transfer, taking account of the enlarged Society's expected business mix and risk profile. Its analysis supports the continued use of its current capital target. I have reviewed this analysis and consider it to provide a reasonable basis for managing the enlarged Society's financial position. Family Assurance is expected to remain above this target following the Transfer.

Scottish Friendly and Family Assurance are exposed to similar risks, reflecting the similar nature of the insurance policies they have on their balance sheets. I am satisfied that the Transfer will not materially change the risks the Scottish Friendly policyholders are exposed to.

I am satisfied that there is no material adverse effect on the security of the transferring Scottish Friendly with-profits policyholders resulting from the Transfer given the level of capitalisation of the funds and the support mechanisms implemented to protect them.

Family Assurance's existing policyholders

I do not expect the Transfer to significantly reduce the security of benefits for Family Assurance's existing policyholders.

The Transfer is not expected to result in changes to Family Assurance's internal policies governing the amount of financial resources to be held. As noted above, I am satisfied that Family Assurance will hold sufficient financial resources following the Transfer and that there will be no material change to the risks that Family Assurance policies are exposed to.

Administration, service standards, governance and management

Immediately following the Transfer, the policies of Scottish Friendly and Family Assurance will continue to be administered by the same staff, on the same administration systems as before and to the same customer service standards.

The governance and management of the two firms is broadly similar, with consistent internal policies, committees and governance and control structures. The Board of the combined entity is expected to have appropriate representation from both firms.

Overall, I am satisfied that there is no material adverse effect on any group of policyholders in relation to their policy administration, service standards, governance or management as a result of the Transfer.

Conclusion

Based on my consideration of benefit expectations, benefit security, administration and service standards, and the other matters covered in my report, the proposed transfer of long-term insurance business from Scottish Friendly to Family Assurance is, in my opinion, expected to be in the interests of the members of both societies.

I have considered the positive and adverse effects of the Transfer and how they affect different groups of policyholders and members. Having considered the protections and other measures that apply, I do not expect any of the adverse effects identified to have a material effect on any group of policyholders.

Key dates

2 October 2026

Directions hearing at the Royal Court of Jersey at 9:00am

4 February 2027

Sanction hearing at the Royal Court of Jersey at 9:00am

12 February 2027

Sanction hearing at the Royal Court of Guernsey at 9:30am

28 February 2027

Expected Effective Date of Transfer

Glossary

The purpose of this section is to introduce and explain some of the key expressions which are used in this booklet.

Effective Date	The date on which the Transfer becomes effective
Engagements	All the property, assets and liabilities of Scottish Friendly
Family Assurance	Family Assurance Friendly Society Limited
Family Assurance Board	The board of directors of Family Assurance at the date of this booklet
Future Family Assurance Board	The board of directors of Family Assurance following the transfer
GFSC	The Guernsey Financial Services Commission
Guernsey Scheme	An insurance transfer scheme to transfer the long-term insurance business carried on by Scottish Friendly with policyholders resident in the Bailiwick of Guernsey to Family Assurance.
Independent Actuary	The actuary appointed to report on the terms of the Transfer.
Jersey Scheme	An insurance transfer scheme to transfer the business carried on by Scottish Friendly in or from within Jersey to Family Assurance.
JFSC	The Jersey Financial Services Commission
OneFamily	Trading name of Family Assurance Friendly Society Limited and its subsidiaries
Royal Court of Guernsey	The Royal Court of Guernsey, The Royal Court House, St Peter Port, GY1 2NZ
Royal Court of Jersey	The Royal Court of Jersey, Royal Court House, Royal Square, St Helier, JE1 1JG
M&G Sub-fund	In respect of Scottish Friendly, the internal sub-fund with this name established and maintained before the Effective Date within the Scottish Friendly Main Fund and in respect of Family Assurance, the newly created internal sub-fund.

Manulife Sub-fund	In respect of Scottish Friendly, the internal sub-fund with this name established and maintained before the Effective Date within the Scottish Friendly Main Fund. In respect of Family Assurance, the newly created internal sub-fund established.
Merger Allocation	An allocation to be made to the with-profits fund reflecting the value of future distributions the with-profits policyholders would have been expected to receive in the absence of the Merger.
ProfitShare	ProfitShare is a discretionary distribution paid to eligible Scottish Friendly with-profits policyholders, allowing them to share in surplus generated by Scottish Friendly's wider business, including non-profit business
Scottish Friendly Main Fund	The long term business fund of Scottish Friendly, which includes within it the Scottish Friendly Notional Sub-funds;
Scottish Friendly Notional Sub-funds	The following notional internal sub-funds established and maintained within the Scottish Friendly Main Fund: (a) the Scottish Legal Life Sub-fund; (b) the M&G Sub-fund; and (c) the Manulife Sub-fund, and the "Scottish Friendly Notional Sub-fund" shall be construed accordingly
Scottish Friendly/ SFAS	Scottish Friendly Assurance Society Limited
Scottish Legal Life Sub-fund	In respect of Scottish Friendly, the internal sub-fund with this name established and maintained before the Effective Date within the Scottish Friendly Main Fund and in respect of Family Assurance, the newly created internal sub-fund.
Solvency UK	Solvency UK sets out regulatory requirements for insurance firms and groups, covering financial resources, governance and accountability, risk assessment and management, supervision, reporting and public disclosure
Special Resolution	A resolution passed by at least 75% of members who vote in person or by proxy
The Merger or the Transfer	The transfer of all the engagements of Scottish Friendly to Family Assurance as summarised in this booklet
With-profits	A with-profits fund is an investment fund that pools money from with-profits policyholders to invest in a mix of assets like stocks, bonds, and property. It smooths returns over time, reducing the impact of market ups and downs, and shares profits with with-profits policyholders through bonuses. A with-profits policy is a policy which has invested in and participates in a with-profits fund.

How to contact us

Scottish Friendly

If you have any questions for Scottish Friendly, visit scottishfriendly.co.uk/contact-us

You can also contact us via:

Email: memberfeedback@scottishfriendly.co.uk

Telephone: **0141 483 5954**; International: **+44 141 483 5954**
Monday to Friday, 8.30am to 5.30pm

Postal address: Member Feedback
Scottish Friendly Assurance Society Ltd
Galbraith House
16 Blythswood Square
Glasgow
G2 4HJ

Family Assurance

If you have any questions, you can also contact us via:

Email: members@onefamily.com

Telephone: **(01273) 061910**; International: **+44 1273 061910**
Monday to Friday, 9am to 5.30pm (Wednesday 9.30am - 5.30pm)

Postal address: Company Secretary
Family Assurance Friendly Society
16-17 West Street
Brighton
BN1 2RL

The Scottish Friendly Group consists of the following companies:

Scottish Friendly Assurance Society Limited. The Society is an incorporated friendly society under the Friendly Societies Act 1992 (Registration No. 3COLS). Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registered on the Financial Services Register, registration number 110002.

Scottish Friendly Asset Managers Limited - OEIC Managers, ISA Managers. Authorised and regulated by the Financial Conduct Authority. Registered on the Financial Services Register, registration number 188832. Registered in Scotland No. SC187215.

The registered office of each member of the Scottish Friendly Group is Galbraith House, 16 Blythswood Square, Glasgow G2 4HJ. Telephone: 0333 323 5433. www.scottishfriendly.co.uk.