

CERTIFICATE

1. INTRODUCTION

- 1.1 I have been appointed by Pearl Assurance plc ("**Pearl**") to report, pursuant to section 109 of the Financial Services and Markets Act 2000, in the capacity of independent expert, on the terms of a proposed scheme providing for the transfer of certain long term business of National Provident Life Limited ("**NPLL**") to Pearl (the "**Pearl Scheme**"), and in my capacity as such have produced a report dated 22 October 2009 (the "**Independent Expert's Report**") and a supplementary report dated 28 January 2010 (the "**Supplementary Report**").
- 1.2 I have been instructed by NPLL to provide a certificate in relation to proposed amendments to the terms of an insurance business transfer scheme transferring the whole of the long term business of the National Provident Institution to NPLL which took effect at 00.01am on 1 January 2000 (the "**Demutualisation Scheme**").
- 1.3 I understand that NPLL intends to make an application to the Court to amend the Demutualisation Scheme at the same time as the final hearing in respect of the Pearl Scheme (which is expected to take place on 5 February 2010).
- 1.4 I have been provided with a mark-up dated 27 January 2010 showing the amendments which are proposed to be made to the Demutualisation Scheme (the "**Amended Demutualisation Scheme**").

2. PROCESS FOR AMENDMENT OF THE DEMUTUALISATION SCHEME

- 2.1 Paragraph 53.2 of the Demutualisation Scheme provides that "if at any time the provisions of the Scheme prove impossible, impracticable or inequitable to implement, National Provident Life shall be at liberty, with the consent of the National Provident Life Fund Supervisory Board, to apply to the Court for consent to amend its terms, provided that in any such case:
 - (A) the Insurance Regulator shall be notified of and have the right to be heard at any hearing of the Court at which such application is to be considered; and
 - (B) such application shall be accompanied by a certificate from an independent actuary to the effect that in his opinion the proposed amendment will not adversely affect the reasonable expectations of, or reduce the protections conferred by this Scheme on, the holders of Policies allocated to the National Provident Life Fund or Excluded Policies."
- 2.2 My qualifications to provide such a certificate are as set out in section 1 of the Independent Expert's Report.
- 2.3 Further consideration, and my opinion, of the proposed amendments to the Demutualisation Scheme are set out in sections 6, 9, 12 and 13 of the Independent Expert's Report. I confirm in paragraph 6.1 of the Supplementary Report that I remain satisfied that the proposed amendments to the Demutualisation Scheme will not adversely affect the reasonable expectations of, or reduce the protections conferred by the Demutualisation Scheme on, the NPLL policyholders remaining in NPLL.

3. OPINION

- 3.1 I certify that, in my opinion, the proposed amendments to the Demutualisation Scheme as set out in the Amended Demutualisation Scheme will not adversely affect the reasonable expectations of, or reduce the protections conferred by the Demutualisation Scheme on, the holders of Policies allocated to the National Provident Life Fund or Excluded Policies (as such terms are defined in the Demutualisation Scheme).



Mike Arnold

Fellow of the Institute of Actuaries

Date: 28-1-2010