



Agenda

- Introductions and relevance
- Overview of the sale process
- An actuarial perspective
- A legal perspective
- Common themes

Current transaction environment

Drivers

- SII
- Piles of cash
- Low valuations
- De-leveraging
- Shedding non-core assets

Restraint

- SII
- Macro economic uncertainty
- Potential Euro breakup

Forced sales

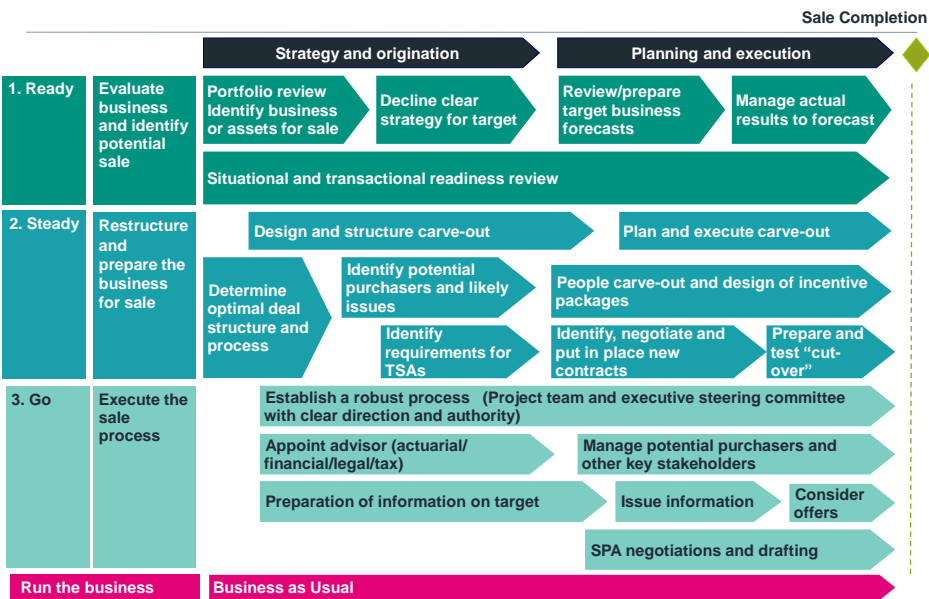
Opportunism

More collaborative approach

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Overview of the sale process



A Warren Buffet quote

“A friend of mine spent twenty years looking for the perfect woman; unfortunately, when he found her, he discovered that she was looking for the perfect man.”

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An actuarial perspective

4 top tips for a good night out

- You won't get anywhere without the car keys
- Dress to impress
- Find a friend who tells it like it is
- Be realistic

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Legal Perspective

Think about structure

- What do you want to sell – shares or assets?
- Will there be a Part VII transfer?
- Do you need to restructure before the sale process? e.g.
 - are the employees in the right place?
 - who are the contracting parties?
- Have you thought through the tax issues for you and a buyer?
- Are there any public company/listing considerations?

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Legal Perspective

Part VII transfers

- Sanctioned by the Court
- Supervised by FSA
- Independent Expert Report
- Timing
 - prepare business case and send to FSA
 - at least 9 months from FSA notification

Think about who will buy

- Private equity
- Another life business
- Difference in approach and impact on timing

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Legal Perspective

Anticipate Legal Issues

- These could relate to:
 - preparation for Solvency II
 - change in Regulator
 - mis-selling
 - reinsurance
 - regulatory breaches/FSA investigations
 - pensions, employment claims, litigation, property
- How to present to potential buyers
 - legal report
 - physical presentations
 - protection in the sale documents

Legal Perspective

Think about the Sale Documents

- These will be:
 - sale and purchase agreement
 - tax deed (probably)
 - transitional services agreement (if separated from larger group)
- Who is in charge of the drafting?
 - pros and cons if you are selling
- Anticipate reasonable Buyer protections (if auction process)
 - warranties
 - indemnities eg mis-selling, litigation, tax
 - restrictive covenants?

Common Themes

Communication

- Internally
 - is there sensitivity as to who knows?
 - insiders if listed
- With your advisers: keeping them updated
- With potential buyers and their advisers

Don't forget your team

- Who is key to the sale?
 - your internal actuary could be critical
 - identify whom a buyer will regard as critical
- Incentivising your team to deliver a successful sale

Preparation is key