

The Trustees of the CNA Re Management Company Limited Retirement Benefits Plan (1977) (referred to as the “Trustees” and “Scheme”, respectively) are pleased to announce that an agreement has been reached with the well-established UK financial services company, Legal & General Assurance Society Limited (“L&G”), to insure the pension benefits held in the Scheme in a bulk annuity policy (the “Policy”).

On 12 May 2026, the Trustees entered into the Policy. Under the Policy, L&G funds the benefit payments for all members of the Scheme as they fall due by making a payment to the Trustees every month. Insuring the Scheme’s benefits provides greater long-term security for members and their dependants. Legal advice has been taken as part of the process to make sure that the benefits secured are the benefits you are entitled to under the Trust Deed and Rules of the Scheme.

Please note that there is no action for you to take. For current pensioners, you will see no change, and your pension will be paid by Capita as usual. For deferred members there is no impact on your deferred benefits. You can continue to request information about your benefits from the Scheme in the usual way from Capita, who remain our pension administrators.

Buying the Policy means that your benefits will no longer be reliant on the performance of the Scheme’s assets and the continued support of CNA Insurance Company Limited (the “Company”), though the Company will remain as the Scheme’s sponsoring employer, committed to funding the Scheme as needed. Whilst we, your Trustees, remain ultimately responsible for paying your benefits when they become due, the Policy will help protect the Scheme from certain risks that affect the cost of providing your benefits. These are risks such as inflation, interest rate changes and low investment returns.

Over the coming years, the Trustees may consider transitioning the Policy from being one bulk policy for the whole Scheme in the name of the Trustees, to individual policies written in the name of each individual member. This is called a “buy-out”. If this were to happen, L&G would take full responsibility for managing and paying your pension benefits. If this happens, you would become a policyholder of L&G rather than a member of the Scheme, and the Scheme would wind-up. Please note that the Scheme would only be wound up once all benefits of the Scheme have been secured in full with a highly regulated UK insurer, i.e. in this case, L&G. Such a decision has not yet been made; however we will communicate with you again if a formal decision is taken to buy out benefits.

Purchasing the Policy would not have been achieved without the invaluable support provided to the Scheme by the Company throughout the years.

This letter and the attached Question & Answers (Q&A) document are here to provide you with more information about the Policy with L&G and to provide answers to any questions you may have.

If you have any queries about your benefits, please continue to contact the Scheme’s administration team at Capita (contact details are provided at the end of the enclosed Q&A document).

S P Baker

For and on behalf of the Trustees of the CNA Re Management Company Limited Retirement Benefits Plan (1977)

Frequently Asked Questions (FAQs)

1. What decision have the Trustees made?

The Trustees have purchased a bulk annuity policy from Legal & General Assurance Society Limited (“L&G”) (the “Policy”) as an investment of the Scheme. Under the Policy, L&G have taken responsibility for meeting the costs of pensions payable by the Scheme. The purchase of the Policy is an important step in reducing risk within the Scheme and increasing the security of members’ benefits. In deciding the benefits to be secured by the Policy, the Trustees obtained legal advice to ensure that they reflect benefits payable under the Trust Deed and Rules of the Scheme.

2. Who is L&G?

L&G is one of the UK’s leading providers of insurance and retirement solutions. It is a principal operating company of Legal & General Group Plc, a FTSE-listed UK financial services group founded in 1836. L&G is a long-established specialist in the retirement market and plays a significant role in helping to secure members’ benefits through the provision of bulk annuity insurance and other long-term savings and protection products for individuals and businesses.

L&G is one of the most active insurers in the UK pensions risk transfer market and has insured the benefits of hundreds of thousands of defined benefit pension scheme members through bulk annuity transactions. L&G has a financial safety net of £13.8 billion solvency II capital (as at 31 December 2025) which ensures it can confidently manage and secure pension liabilities, providing stability and peace of mind for its clients.

L&G operates under a strict set of regulatory requirements and is authorised by the Prudential Regulation Authority (“PRA”) and regulated by both the PRA and the Financial Conduct Authority. The PRA requires UK insurance companies to hold sufficient capital to ensure that pension benefits can be paid securely over the long term. L&G is highly rated by major credit rating agencies, including an ‘A’ category financial strength rating with a stable outlook, reflecting its strong capital position and prudent risk management framework.

A wide range of UK pension schemes, across multiple sectors, have secured members’ benefits with L&G, underlining its reputation as a trusted and experienced insurer in the pensions de-risking market. L&G’s ongoing focus is on providing long-term security and high-quality service for pension scheme members, trustees, and sponsoring employers.

3. Why have the Trustees chosen L&G?

The Trustees and their advisors went through an extensive exercise in choosing the insurer to provide the Policy for the Scheme, including obtaining independent due diligence advice and giving consideration to a number of factors such as financial strength, reputation, the quality of service and the terms of the Policy. The Trustees also obtained detailed legal and actuarial advice. L&G was selected as being a suitable insurer.

4. What protections are in place as part of the Policy?

The Policy will provide long-term security of Scheme benefits given the regulatory requirements that L&G must comply with. This provides even more security for benefits than has been available from the Company.

The Policy is also protected by the Financial Services Compensation Scheme (“FSCS”). Bulk annuity policyholders can claim 100% compensation in the highly unlikely event that L&G are unable to meet their obligations.

5. Will there be any changes to my pension benefits?

No. The Trustees will continue to be responsible for providing your benefits from the Scheme and if you are a current pensioner, your benefits will continue to be paid by Capita as they are currently. The only difference is that the money to pay your benefits is now paid to the Trustees from the Policy with L&G, instead of being invested in other ways.

The amount of your Scheme benefits will not change, and annual pension increases will continue to be calculated as at present. In addition, there will be no change to the amount of any of the benefits which may be payable on your death.

6. I’m approaching retirement – does this affect my options?

No, the Policy does not affect your retirement options. You will still have the same choices about when to take your benefits from the Scheme. The Policy is only about helping to secure the funds to pay your DB benefits, not about changing your options.

If you take early or late retirement, or exchange part of your pension for a tax free cash sum at retirement, calculations are made to work out your entitlement. The factors used in these calculations are reviewed by the Scheme's actuary on behalf of the Trustees, and depend on such things as life expectancy and interest rates. In around 3 months' time, the Trustees will begin to use L&G's calculation factors, to make sure the money coming into the Scheme from the Policy matches the amounts paid out as benefits. L&G's factors may differ from the Scheme's factors.

7. Can I still transfer my pension benefits out of the Scheme?

Yes, you can still transfer your pension benefits out of the Scheme if you wish to do so (where you were previously eligible to do this). The Policy does not change your ability to transfer your benefits. If you're considering a transfer, the same rules and options apply as before. However, we recommend getting independent financial advice to understand the implications and to make sure transferring is the right decision for you. Please note that the factors referred to in the answer to Question 6 are also relevant to transfer calculations, and the Trustees will begin to use L&G's calculation factors in around 3 months' time. L&G's factors may differ from the Scheme's factors.

8. What will happen next?

As mentioned earlier in this letter, in the coming years, the Trustees may decide to transfer the Policy into individual policies for each of the members and any of their dependants who receive a pension from the Scheme. If this happens, responsibility for the payment and administration of pensions would be transferred to L&G. If this happens you would no longer be a member of the Scheme, instead you would have an individual policy in your name with L&G, and the Scheme would be wound up. The benefits which you and your dependants are entitled to would not be changed, and you would continue to benefit from the financial security that an insurer like L&G provides, as well as continuing to benefit from protection under the FSCS, as described above.

9. How is my personal data protected?

The Trustees take great care with your personal data and strict rules apply to how this is treated. As part of our agreement with L&G, we are required to share information about you and your benefits with L&G. L&G's current Privacy Notice which sets out how L&G gathers, uses and shares personal information as well as providing information about the rights that you have in relation to how your personal data is processed is available via their website and the following link:

<https://www.legalandgeneral.com/institutional/pension-risk-transfer/privacy-policy/>

In addition, you may request a copy via the Capita Helpline or email address given below.

10. Who should I contact about my pension benefits?

If you have any questions about your pension benefits, please continue to contact the Scheme's administrator:

CNA Re Management Company Limited Retirement Benefits Plan (1977)
c/o Capita Pension Solutions
PO BOX 555
11b Lingfield Close
Lingfield Point
Darlington
DL1 1AX
United Kingdom

Telephone: 0333 222 0084

Email Address: EdinburghPensions2@capita.co.uk

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