



You are not required to take any action in respect of this letter.

However, if you have any questions please visit our website www.transfers.rsagroup.com or call us on 0845 600 9044 (UK) or 00 44 121 415 0211 (overseas)

[•] August 2011

Dear Sir/Madam

SIMPLIFYING OUR STRUCTURE

Introduction

As part of an internal restructuring of RSA Group's insurance operations in the United Kingdom, general insurance and reinsurance business (the "**Transferring Business**") of certain RSA Group companies and PA(GI) Limited ("**PAGI**") (a former RSA Group company) (together, the "**Transferors**") will be transferred to Royal & Sun Alliance Insurance plc ("**RSAI**") and/or The Marine Insurance Company Limited ("**Marine**") and/or Sun Insurance Office Limited ("**Sun**") (together, the "**Transferees**"). The enclosed explanatory statement sets out further information about the proposed transfers.

The proposed transfers are being undertaken as part of a programme to simplify the administration of the RSA Group's UK insurance business and its UK group structure and in preparation for the implementation of new European rules on insurance regulation which are expected to come into force in 2013.

This proposed transfers will be effected through a number of related insurance business transfer schemes (together, the "**Transfers**" or "**Schemes**"), using the insurance business transfer provisions of Part VII of the Financial Services and Markets Act 2000 ("**FSMA**").

In order for each Transfer to become effective, the High Court of Justice of England and Wales (the "**Court**") must sanction each Scheme. The Court hearing for this purpose is expected to take place on 12 December 2011 and it is proposed that the Transfers will take effect on 1 January 2012 (the "**Effective Date**"). At the hearing, the Court will also be asked to transfer the benefit of all reinsurance associated with the relevant Transferring Business to the relevant Transferee.

Why are we writing to you?

This letter is being sent to you because we believe that you are or might be a reinsurer and/or retrocessionaire of one or more of the Transferors in respect of the Transferring Business. We are writing to provide you with important information regarding the proposed transfer of the

policies underwritten by the Transferors and of the benefits of certain associated reinsurance cover to the Transferees.

How do the Transfers affect you?

The Transfers will result in all property and contracts related to the Transferring Business being transferred to the Transferees notwithstanding any restrictions on transfer or requirements for counterparty consent and without triggering any pre-emption, termination or other rights which might otherwise arise. Any entitlement to terminate, modify, acquire or claim an interest or right or to treat an interest or right as terminated or modified as a result of anything done pursuant to any of the Transfers will only be enforceable to the extent the Court so orders.

From the date the Transfers become effective each Transferee will have the benefit of the reinsurance policies associated with the relevant Transferring Business in place of the relevant Transferor (to the extent not already assigned to that Transferee) and will be responsible for all obligations under those reinsurance policies. All reinsurance recovery claims currently being dealt with by any intermediaries on behalf of the Transferors or the Transferees will, after the Transfers, continue to be handled by the relevant intermediary on behalf of the Transferees in the same manner. Future claims arising under the reinsurance policies will be similarly dealt with by the relevant intermediary on behalf of the Transferees.

The terms of the Transfers will preserve any current rights you may have in respect of the Transferring Business and will have no effect, financial or otherwise, on your liabilities in respect of the reinsurance you have provided.

The Transfers will allow for the continuation of any legal proceedings, commenced prior to the Effective Date by or against any of the Transferors that relate to their respective rights and obligations in respect of the Transferring Business which transfers on the Effective Date, by or against the relevant Transferee.

Report of the Independent Expert

When the Court is asked to approve an insurance business transfer an independent expert is required to report, pursuant to section 109 of FSMA, on the effects of the transfer on policyholders and policyholder protection (the "**Report**"). Mr Gary Wells, a Fellow of the Institute and Faculty of Actuaries, of Milliman Inc. has been appointed as the independent expert and his appointment has been approved by the UK Financial Services Authority. Mr Wells has prepared a Report in relation to each of the Transfers and he has found that policyholders will not be materially adversely affected by the Transfers. The enclosed explanatory statement contains a summary of the independent expert's Reports.

The independent expert intends to issue a supplemental report for those Transfers in respect of which certain matters may arise or develop after the date of the relevant Report and prior to the date of the Court hearing to sanction the relevant Transfers.

What do you need to do?

You are not required to take any action in respect of the Transfers. If you believe that you will be adversely affected by any of the Transfers, you are entitled to make written representations and/or to appear at the Court hearing in person or by counsel. The Court

hearing for the Transfers is currently scheduled to take place on 12 December 2011 at the Royal Courts of Justice, Strand, London, WC2A 2LL.

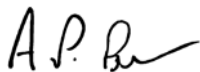
If you intend to make written representations and/or appear at the Court hearing, either in person or by counsel, you are requested to provide the written representations or written notice of your intention to appear at Court and details of your concerns as soon as possible, and preferably by 11 November 2011, but in any event by no less than two clear days before the Court hearing. Your written representations or written notice of intention to appear at Court should be sent to RSA Transfers, Royal & Sun Alliance Insurance plc, One Plantation Place, 30 Fenchurch Street, London EC3M 3BD or via email to RSATransfers@Equiniti.com.

Further Information

Should you require an additional copy of the explanatory statement containing the summary of the Scheme document provided to the Court in relation to each Transfer, the table providing a summary of the proposed destinations of each Transferor's business (including former names of the companies involved), and the summary of the independent expert's Reports, these may be found on our website at www.transfers.rsagroup.com or requested by writing to RSA Transfers, Royal & Sun Alliance Insurance plc, One Plantation Place, 30 Fenchurch Street, London EC3M 3BD. The independent expert's full Reports and (when available) any supplemental Reports can be found on www.transfers.rsagroup.com and are also available on request.

If you would like any further information or have any comments or queries about any of the Transfers, you can contact us by email on RSATransfers@Equiniti.com, in writing at RSA Transfers, Royal & Sun Alliance Insurance plc, One Plantation Place, 30 Fenchurch Street, London EC3M 3BD or by calling the Transfers helpline on 0845 600 9044 (from the UK) or 00 44 121 415 0211 (from overseas).

Yours faithfully



Adrian Brown
Chief Executive UK