

The logo for UKSA (UK Shareholders' Association) is a dark blue square with the letters 'UKSA' in white, bold, sans-serif font. Below 'UKSA', the text 'UK Shareholders' Association' is written in a smaller, white, sans-serif font.

UK Shareholders'  
Association

Chislehurst Business Centre  
1 Bromley Lane  
Chislehurst, BR7 6LH

01689 856691  
Email: [uksa@uksa.org.uk](mailto:uksa@uksa.org.uk)  
Web: [www.uksa.org.uk](http://www.uksa.org.uk)

4 August 2021

Mr Charles Randell  
Chair  
Financial Conduct Authority

Dear Mr Randell

## **Prudential Part VII transfer: Approval of Independent Expert Report**

I am policy director of UK Shareholders' Association, which is helping some of the Prudential Assurance Company policyholders with their objections to 'Part VII' process of transferring insurance obligations from Prudential to Rothesay Life.<sup>1</sup> Mick McAteer is Co-Director of the Financial Inclusion Centre.<sup>2</sup>

The Directions Hearing was held before Justice Daniel Schaffer on 23 July 2021, who ordered that the Sanctions hearing take place before a High Court Judge "at a date to be fixed with an estimate of two to three days". We understand that the date for the hearing will be in early November 2021.

The Independent Expert (Nick Dumbreck, Milliman UK) has produced his first report, now lodged with the Court, and plans to prepare a first draft of a supplementary report during August, and a final draft by the end of September.

---

<sup>1</sup> <https://www.uksa.org.uk/page/dean-buckner>

<sup>2</sup> <https://inclusioncentre.co.uk/about/our-people/mick-mcateer>

I have reviewed the first report and my view is that it contains serious errors.<sup>3</sup> My relevant credentials are my work on the Matching Adjustment (MA) part of the Solvency II capital regime, and my work on the PRA's current approach on the valuation of Equity Release Mortgages while at the Bank of England.

I will send comments to the Expert (who has been helpful throughout), but the FCA is not responding to my request for dialogue, even though it has to review the Expert's report, and even though it has undertaken to lodge its own report with the Court no later than 7 days before the sanction hearing.

It is crucial that the interests and concerns of policyholders are represented at the regulator, so I am asking for your help in achieving this. That is, I would like the FCA to nominate a single point of contact between UKSA (or other nominated policyholder representative). As time is of the essence, I would ask that someone come back to me at my email as soon as possible.

Yours,

Dean Buckner (Policy Director, UK Shareholders' Association)<sup>4</sup>

Mick McAteer (Co-Director, Financial Inclusion Centre)

(cc Malcolm Hurlston, Charles Henderson)

---

<sup>3</sup> For example, the capital ratio without Matching Adjustment is stated as 41%, whereas the actual number, taken from regulatory returns, is *minus* 14%. The Report also incorrectly states that Rothesay could recover from the removal of Matching Adjustment by reinvesting in less risky assets.

<sup>4</sup> Direct phone: 020 8788 4273; Email: Dean.Buckner@uksa.org.uk