



Supplementary Report of the Independent Actuary

**Golden Arches Insurance DAC and
Zürich Versicherungs-Aktiengesellschaft**

KPMG

26th September 2024

GAI_to_ZVA Supplementary Report of the Independent Actuary



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1 Introduction

1.1 Background

An Independent Actuary's Report ("the Original Report") dated 5 July 2024 has been prepared in order that the Irish High Court, the Central Bank of Ireland (the "Central Bank", the Irish Insurance Regulator), the Financial Market Authority (the "FMA", the Austrian Insurance Regulator), the policyholders and other affected parties may properly assess the impact of the proposed transfer of a portfolio of insurance liabilities of Golden Arches Insurance DAC ("GAIDAC" or "the Transferor") into Zürich Versicherungs-Aktiengesellschaft ("ZVA" or "the Transferee"). I refer to this proposed transfer of the portfolio as the proposed "Scheme". GAIDAC and ZVA are referred to collectively herein as the "Scheme Companies".

The Scheme arose from a review completed in 2020 by the McDonald's Group of alternative domiciles for its insurance operations. The outcome of this review was that the optimum domicile for McDonald's Group's insurance operations is Bermuda. Therefore, the McDonald's Group formed a new insurance undertaking in Bermuda, Golden Arches Insurance Limited ("GAIL"), which was incorporated on 14 April 2020. GAIL commenced issuing coverage from 1 July 2020, coinciding with GAIDAC ceasing to renew business as at 1 July 2020.

It is intended that the vast majority of its business would be transferred to ZVA under the Scheme. There are some pockets of business that will not transfer under the Scheme (see section 5 of the Original Report for full details). Those pockets of business are:

- the Inwards Reinsurance Policies;
- GAIDAC's outwards reinsurance arrangements;
- the UK Portfolio; and
- the US Policies.

The Original Report describes this Scheme in detail. The Original Report considers the potential impact and benefits on all affected policyholders (of the Scheme Companies), including the security of their policies. I have also explicitly considered what happens if there are unintended policyholders left behind, (detailed under the paragraph heading "Excluded Policies" in 5.4 of the Original Report), where I noted the Scheme document makes an allowance for excluded policyholders even though there are expected to be none. The Original Report was available from the:

- The registered office of GAIDAC – Third Floor, The Metropolitan Building, James Joyce Street, Dublin 1, Ireland until Friday 30th August 2024;
- The registered office of ZVA, which is Leopold-Ungar-Platz 2, 1190 Vienna, Austria;
- The GAIDAC website – <https://corporate.mcdonalds.com/corpmcd/GAIDAC.html>;
and
- The ZVA website – <https://www.zurich.at/ueber-zurich/pressebereich/presseaussendungen>.

The proposed transfer of insurance business from one insurer to another in Ireland must be approved by the High Court. The terms covering the proposed Scheme are set out in the Scheme document that is presented to the High Court. I refer to that document as the “Scheme of Transfer”. The Scheme of Transfer was presented to the High Court under Section 13 of the Assurance Companies Act 1909 (the “1909 Act”) on 15 July 2024, at which time the directions of the High Court were sought. It is intended that the Sanctions Hearing will take place on 16 October 2024, when final approval of the Scheme of Transfer will be sought with a proposed effective date of 30 November 2024 (the “Effective Date”).

In addition, the Central Bank and the FMA, as the regulators of the Scheme Companies, have been consulted. I understand that the Central Bank raised no objections to the Original Report

In the Original Report I stated that, shortly before the date of the Court hearing at which an order sanctioning the Scheme will be sought, I would prepare a Supplementary Report (also sometimes referred to as Supplemental Report) covering any relevant matters which might have arisen since the date of the Original Report. This is that Supplementary Report.

1.2 Introduction to this Supplementary Report

In the Original Report dated 5 July 2024, I stated that I would review my findings and opinion which would include consideration of the following:

- Update on ZVA solvency levels relative to their risk appetite statement and the projections in the Original Report;
- Business performance in the period and updated regulatory and financial information for both GAIDAC, ZVA and reinsurers including relevant actuarial reporting;
- If there were any changes to the assumptions underpinning the Original Report as noted in Section 2.5 of same;
- Confirmation of the reinsurance arrangements between ZVA, Zurich Insurance Company Ltd in Switzerland and ultimately GAIL;
- Review of any responses from policyholders to the communications issued in respect of the transfer;
- Update on wider market and regulatory developments;
- Review of additional main financial reports produced in the intervening period, e.g. ORSA reports, quarterly management reports, quarterly regulatory filings;
- Review of all relevant reported correspondence with impacted Regulators; and
- Any other issues that may have arisen.

I set out in this Supplementary Report my considerations with respect to the above bullet points. I also comment on other relevant developments.

In order to provide this Supplementary Report, GAIDAC and ZVA have provided me with additional information, including updated financial information. The additional data provided is set out in Appendix 2.

The conclusions set out in this Supplementary Report are based on audited financial statements as at 31 December 2023 for GAIDAC and ZVA, and unaudited data provided as at 30 June 2024. In all cases I have requested the most recent data available.

This Supplementary Report contains the following sections:

- Introduction;
- Executive Summary;
- Security of Benefits:
 - Update on GAIDAC and ZVA Solvency Levels;
 - Business performance of GAIDAC and ZVA.
 - Update on stresses if Solvency levels have deteriorated from previous forecasts; and
 - Other comments
- Other considerations:
 - Review of communications process and responses received;
 - Any changes to my assumptions underlying the Original Report in Section 2.5;
 - Update on Wider Market and Regulatory matters;
 - Any additional main reports e.g., ORSA's produces in the interim;
 - Review of correspondence with impacted Regulators that may impact the Scheme; and
 - Other issues that may have arisen:

Appendices.

1.3 Regulatory and actuarial basis of preparation

This Supplementary Report, when read together with the Original Report dated 5 July 2024 has been prepared for the purposes of Section 13 1909 Act in accordance with:

- Regulation 41 of the European Union (Insurance and Reinsurance) Regulations 2015 (S.I. No. 485 of 2015) ("2015 Regulations"). Regulation 41 of the 2015 Regulations makes express reference to Section 13 of the 1909 Act and Section 36 of the 1989 Act. Both sections concern the sanction of transfers by the Court;

- The Actuarial Standard of Practice (“ASP”) issued by the Society of Actuaries in Ireland, ASP LA-6, “Transfer of long-term business of an authorised insurance company – role of the Independent Actuary”. Even though the ASP is related to life business, I consider it reasonable to consider it in my work; and
- The ASP issued by the Society of Actuaries in Ireland, ASP PA-2, “General Actuarial Practice”.

I owe an overriding duty to the Court and to give the Court independent actuarial evidence on the proposed Transfer.

1.4 Circulation of this Supplementary Report

This Supplementary Report (as with the Original Report and the Summary Report, also dated 5 July 2024) is to be provided to:

- the Central Bank and the Financial Market Authority; and
- the policyholders of the Scheme Companies, should they request it.

I agree that this Supplementary Report may be made publicly available at the registered offices of the Scheme Companies and online in the same manner as noted in Section 1.1 above.

1.5 Assurances

Whilst I have been assisted by my team, this Supplementary Report is written in the first person singular, and the opinions expressed are my own.

I believe that the content of this Supplementary Report is accurate and complete. I have considered all matters that I regard as relevant to the opinions I have expressed, and I have considered all matters that I believe may be relevant to the policyholders of each of GAIDAC and ZVA in their consideration of the Scheme. All the matters on which I have expressed an opinion lie within my field of experience.

I have received assurances as follows:

- I have circulated this Supplementary Report to the management of each of GAIDAC and ZVA to ask for commentary on the detail within this Supplementary Report, including confirming all material information has been provided to me and how the Scheme will be affected in practice. No issues were noted with the commentary and detail presented in this final version of my Supplementary Report by either set of management. I have also been given full access to staff of each of GAIDAC and ZVA as necessary.
- I have provided the Head of Actuarial Function (“HoAF”) of GAIDAC (Mark Malone) and the Actuarial Function (“AF”) of ZVA (Johann Kronthaler life and non-life), the Appointed Actuary (Bernd Weber life) and the Head of Reserving (Stefan Krenn non-life) with this Supplementary Report to ensure they are aware of comments I have made in this Supplementary Report in relation to actuarial and risk information and their roles as HoAF / AFH of the respective Scheme Companies. I understand they have shared my reporting with other colleagues in the Scheme Companies to solicit

their views. No issues have been noted as a result of their review of this final version of my Report.

I have conducted conference calls with representatives of the Scheme Companies to discuss the information provided to me and specific matters arising out of the analysis conducted.

I have been made aware of relevant discussions between GAIDAC, ZVA, the Central Bank and the FMA, and specifically inquired of them whether there were specific issues I should be aware of, and there are no issues that have been specifically noted to me.

In order to provide this Supplementary Report, GAIDAC and ZVA have provided me with additional information, including updated financial information. The additional data provided is set out in Appendix 2. I am satisfied that it is appropriate for me to rely on this data, based on the assurances I reference above.

1.6 Qualifications and Limitations

This Supplementary Report should be read in conjunction with the Original Report. Reading individual sections in isolation may be misleading. This Supplementary Report has been produced on the same bases as set out in the Original Report. In particular, it has the same scope, and is subject to the same reliances and limitations.

Reliance has been placed upon, but is not limited to, the data and other information provided to me by GAIDAC and ZVA (as set out in the Original Report) and the additional information provided for this Supplementary Report (detailed in Appendix 2). My opinions depend on the substantial accuracy of this data, information and the underlying calculations. GAIDAC and ZVA have each separately confirmed to me that, to the best of their knowledge and belief, all the data and information they have provided to me is accurate and complete. They have also informed me that there have been no developments since the latest data made available to me that are relevant to the Scheme.

This Supplementary Report is prepared solely in connection with, and for the purposes of, informing the Court and relevant potentially affected policyholders of my findings in respect of the impact of the Scheme on the security and expectations of these policyholders and may only be relied on for this purpose.

This Supplementary Report is subject to the terms and limitations, including limitation of liability, set out in my firm's engagement letter dated 16 April 2024.

This Supplementary Report should not be regarded as suitable to be used or relied upon by any party wishing to acquire any right to bring action against KPMG in connection with any other use or reliance. To the fullest extent permitted by law, KPMG will accept no responsibility or liability in respect of this Supplementary Report to any other party.

In my role as Independent Actuary, I have in the normal course of conducting this role, been provided with a significant and appropriate amount of information and data about the Scheme Companies' activities and performance. When forming my view as set out



in this Supplementary Report, these disclosures and information have formed a necessary and vital contribution.

This Supplementary Report is based on information made available to me at or prior to 25 September 2024 and takes no account of developments after that date.

1.7 Limits of Liabilities and Legal Jurisdiction

This Supplementary Report is subject to the terms and conditions, including limitation of liability and legal jurisdiction, set out in the Engagement Letter.

1.8 Terminology

In my discussion of the effects of the proposed Scheme on the policyholders concerned, I use various technical terms. The definitions of these terms as used in this Supplementary Report are contained in the Glossary in Appendix 1.

1.9 Currency

I have clearly identified the currency of figures presented throughout this Report. All figures are presented in either Euro€ or US\$, and clearly so labelled.

2 Executive Summary

2.1 Security of Benefits

2.1.1 Solvency II Regulatory capital coverage ratio

In relation to the Solvency II regulatory capital coverage ratio, the half-year positions for both GAIDAC and ZVA are in line with the trajectory described in the Original Report.

In particular, the balance sheet strength of ZVA, the transferee, at 30 June 2024 is in line with the year-end balance sheet in the Original Report. The SCR coverage was 182% at year-end 2023; this has now moved marginally to 180%.

Similarly, for GAIDAC, the Solvency II regulatory capital coverage ratio and balance sheet strength is in line with the trajectory. I am comfortable based on the 30 June 2024 position, and the actual versus expected claims movement provided to us by the Actuarial Advisors, Aon, that the projected Solvency II regulatory coverage ratio should remain in excess of its risk appetite levels.

Therefore, I have concluded that the changes in Solvency II regulatory capital coverage ratio since the position set out in the Original Report do not alter my overall conclusions in relation to the Transfer and the impact on policyholders.

2.1.2 Update on stress testing

As the Solvency II regulatory capital coverage ratio has remained on track, I see no need to revisit the stress testing by either Scheme Company described in the Original Report. My conclusions remain unchanged.

2.1.3 Business Performance

As all the transaction related parties (i.e. GAIDAC, the McDonald's Corporation, ZVA and ZIG (the Zurich insurance Group, the (99.98%) ultimate parent of ZVA) continued to perform as expected as at the half-year, I see no reason to revisit my conclusions with respect to the Scheme in the Original Report in terms of the impacts of business performance on policyholders.

2.2 Other considerations

2.2.1 Review of policyholder communication process

I am satisfied that GAIDAC has carried out its publicity, policyholder notification and response handling obligations in line with my expectations as set out in the Original Report. As at the date of writing this report, the policyholder communications are complete. The policyholder feedback so far is minimal (clarification requests from

brokers) i.e. there have been no objections to-date. Therefore, based on the progress to-date and the future commitments clearly outlined in the affidavits for the future communications process, I have no reason for concern in relation to the communication process.

2.2.2 Any changes to my assumptions underlying the Original Report

The bullets below repeat the full list of the assumptions made in the Original Report, as detailed in Section 2.5 of that Original Report, and the sub-bullets summarise the current status of those assumptions:

- *ZVA will retain solvency levels within their risk appetite up to the Effective Date and over the plan period to 2026. In the event of an unanticipated shock in the interim, they will instigate management plans as outlined in the ORSA to remediate the position;*
 - Update: ZVA has confirmed that there are no changes to the projections over the plan period since the Original Report.
- *Service levels will not be impacted by the Scheme;*
 - Update: ZVA has confirmed that there is no change in respect of this assertion.
- *For the policyholders of GAIDAC moving to ZVA under the Scheme, their liabilities will be 100% reinsured to GAIL in Bermuda, via Zurich Insurance Company Ltd in Switzerland, providing additional security over and above that of the ZVA balance sheet;*
 - Update: The Scheme Companies have confirmed that there is no change in respect of this assertion.
- *No significant additional tax liabilities will arise as a result of the Scheme for any of the Scheme Companies in relation to impacting the security of policyholders' contractual rights;*
 - Update: The Scheme Companies have confirmed that there is no change in respect to this assertion.
- *ZVA has no intention to change its plan to accept the transferring policies, or to carry out any restructuring of their businesses as a result of the Scheme;*
 - Update: ZVA has confirmed that there is no change in respect of this assertion.
- *GAIDAC intends to commute or novate some pockets of business outside the arrangements detailed in the proposed Scheme. Therefore, all existing policyholders of GAIDAC will (a) become policyholders of ZVA as a result of the Scheme or (b) will have their coverage novated or commuted outside the arrangements detailed in the proposed Scheme;*
 - Update: The Scheme Companies have confirmed that there is no change in respect of this assertion.
- *While the Scheme allows for Excluded Policies, none are expected at this time.*

- Update: GAIDAC has confirmed that there is no change in respect to this assertion.

2.2.3 Update on Wider Market and Regulatory Matters

I am not aware of any development that would change my views on the statement made in the Original Report in relation to the Israel Gaza War or the Ukraine Russia War. Furthermore, I have not identified new matters that need to be factored into my assessment.

2.2.4 Any additional formal reports available to me

I have specifically focused on any new risk, regulatory or actuarial reporting prepared in the period since the Original Report. Only one such report has been prepared, the Aon Actuarial review of actual versus expected claims movement in the half-year on the GAIDAC book. This report has not caused me to change my view expressed in the Original Report.

2.2.5 Review of all correspondence with impacted Regulators

There is nothing in the relevant correspondence that I have been told about with Regulators that I consider would adversely impact the Scheme.

2.3 Other matters

- Litigations
 - ZVA and GAIDAC have confirmed to me that they have no new material litigation issues/exposures to report.
- Complaints and proposed GAIDAC policyholder treatment by ZVA
 - GAIDAC has confirmed to me that there have been no (new) complaints since the Original Report, and ZVA has confirmed to me that there are no changes since the Original Report in how ZVA plans to treat transferring GAIDAC policyholders. There is nothing therefore under this heading that I believe will have any impact on the Scheme.
- Compensation Scheme
 - I am not aware of any developments that would change my views on the statement made in the Original Report in relation to Compensation Schemes.

2.4 Conclusions

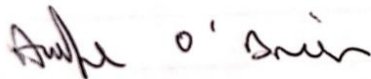
I note no new information has come to light in preparing this Supplementary Report that would cause me to revisit any of my conclusions. Therefore, I note that the conclusions set down in the Original Report remain valid i.e.

- The security of benefits to the impacted policyholders of GAIDAC and the existing policyholders of ZVA will not be materially adversely affected by the implementation of the Scheme on the Effective Date; and
- The Scheme will not materially adversely impact on the service standards experienced by the transferring policyholders of GAIDAC and the existing policyholders of ZVA.

My opinion in relation to GAIDAC and ZVA policyholders is based on:

- My review of all the pertinent historical, current and projected information provided by GAIDAC and ZVA; and
- Discussions with the management of GAIDAC and ZVA on what will happen post-transfer.

I note that there has been adequate communication of the Scheme to the relevant policyholders.



26 September 2024

Aoife O'Brien, FSAI

Date

*Independent Actuary
KPMG in Ireland*

3 Security of benefits

3.1 Update on GAIDAC and ZVA Solvency Levels

- As referenced in Section 6.3 of the Original Report, the year-end 2023 SCR ratios as a percentage are similar for both GAIDAC (171%) and ZVA (182%). ZVA is forecast to remain at similar levels through the planning period.
- As can be seen from table 3.1 below, which now includes updated half-year 2024 solvency ratios for comparison, these updated solvency ratios for both GAIDAC and ZVA compare reasonably to those at year-end.
- The GAIDAC SCR ratio has improved in percentage terms, as the own funds increase, which is to be expected with investment income and as the liabilities run-off profitably.
- The GAIDAC SCR has not been recalculated as at the half-year (it is only required to be recalculated once a year), but I am satisfied after considering the main drivers of the SCR that this is reasonable.
- The ZVA solvency ratio is at a very similar level to year end 2023 (180% compared to 182%)

Table 3.1: Comparison of SCR and MCR coverages for ZVA and GAIDAC			
	2022	2023	H1 2024
GAIDAC (\$m)			
Eligible SII Own funds	\$25.7	\$13.0	\$16.1
SCR	\$9.5	\$7.6	\$7.6
SCR Ratio	271%	171%	213%
Eligible Funds to meet the MCR	\$21.0	\$9.2	\$12.4
MCR	\$4.3	\$4.4	\$4.3
MCR Ratio	488%	209%	289%
ZVA (€m)			
Eligible SII Own funds	€410.4	€390.0	€397.0
SCR	€205.3	€214.1	€220.0
SCR Ratio	200%	182%	180%
Eligible Funds to meet the SCR	€410.4	€390.0	€397.0
MCR	€76.9	€81.8	€83.0
MCR Ratio	534%	477%	477%

Source: ZVA and GAIDAC

Therefore, I conclude that the changes in Solvency II regulatory capital coverage ratio since the position set out in the Original Report do not alter my overall conclusions as

set out in the Original Report in relation to the Transfer and the impact on the policyholders.

3.2 Business performance of ZVA and GAIDAC, and Financial Strength of the ZIG and the McDonald's Corporation

ZVA provided me with a Q2 2024 summary of their reserve committee presentation (which is unaudited financial information), and the ZVA Head of Finance also provided me with progress against plan (again unaudited) in respect of the life and the non-life business, for both “top-line” premium and “bottom-line” profit. As this is commercially sensitive market information, I do not disclose those details here. But I have concluded that this update does not change my view on the financial stability of ZVA commented on in the Original Report.

ZVA has not refreshed the financial projections provided to me for the Original Report as that ORSA has not been revisited since. I have no issues with this as it would be unusual to refresh the projections at this point and they have confirmed they believe the projections remain a reasonably accurate view.

GAIDAC delivered a profit to HY 2023 of approx. US\$1.3m (approx. €1.2m) driven mainly by a saving on claim estimates as payments made (\$0.7m), and investment income (\$0.7m). This was ahead of expectations.

In the Original Report, in 3.6.2, I stated that the expected reserves and capital to transfer under the portfolio transfer, as valued at 31 December 2023, were \$11.6m gross, \$10.8m net. This valuation was based on the higher point of a range provided by the GAIDAC external actuaries Aon, with the lower end of that reserve range being about 17% less.

For the Supplementary Report, the GAIDAC external actuaries, Aon, have provided me with a further report detailing actual versus expected claims movement in the half year based on the above 31 December reserve estimate. It is important to note that I expect this account to be volatile, given the nature of liability claims, and as the GAIDAC specific past volatility exhibited. Notwithstanding this comment, it is positive to observe that the actual versus expected analysis shows favourable claims development for GAIDAC over the first half of 2024 (\$0.2m saving versus and expected \$1.9m incurred – note this is on all liabilities of circa \$22m, not just the transferring portfolio).

This therefore gives me no reason to doubt the conclusion in the Original Report in relation to the reserve strengths of GAIDAC and suggests that the original valuation remains within the range of reasonableness. The intention is the original valuation ultimate's will hold and the amount transferred will be based upon a true up of the reserves, less any claims payments made throughout the year, up until the transfer cut-off point.

GAIDAC has not refreshed the financial projections provided to me for the Original Report, and do not see the need to re-project the amount to be transferred given the performance in the period. Therefore, GAIDAC has confirmed that the transferring

liabilities will be consistent with that previously stated in the Original Report. I am in agreement with this approach.

GAIDAC informed me that the financial strength of the McDonald's Corporation (the ultimate parent of the reinsurance company GAIL which in turn is the ultimate 100% reinsurer of the transferring liabilities) has not changed materially since the Original Report.

ZVA has also informed me that the financial strength of the Zurich Insurance Group Limited (ZIG, the ultimate parent (99.98%) of the ZVA) has not changed materially since the Original Report.

As all these transaction related parties continued to perform as expected in the period since the Original Report, I see no reason to revisit my conclusions with respect to the Scheme in the Original Report.

3.3 Update on stresses if Solvency levels have deteriorated from previous forecasts.

In supplementary reports, it is normal practice to consider whether it is necessary to revisit the stresses reported on in the Original Report.

Based on the trajectory to half year and the projected YE2024 ("Year-End") position, I see no need to revisit the stresses of the Scheme Companies from the Original Report and my conclusions remain unchanged.

3.4 Other comments

- I can confirm that there has been no change to reserving methodologies in the Scheme Companies from year-end 2023 to the half-year 2024 that would cause me to revisit any of my analysis.
- I can also confirm that the Scheme Companies have not changed their approach to calculating their Solvency II regulatory capital figures in the period that would cause me to revisit any of my analysis.
- There has been no change to risk appetites since year-end that would cause me to revisit any of my analysis.
- I can also confirm that that there are no new material risks.

4 Other considerations

4.1 Review of communications process and responses received.

I have reviewed the 17th September draft of the affidavits of Michael Brady and Asisara Poole, both directors of GAIDAC, which sets out how the policyholder notification exercise was carried out. I have also conducted other discussions with GAIDAC management to clarify my understanding of this, and also of how responses have been handled. Similarly, I have reviewed the 23rd September draft affidavit of Kurt Möller, member of the Management Board of ZVA in relation to documents made available for inspection by ZVA, and contact with ZVA in relation to the Scheme.

Publication of the Petition in newspapers etc.

I note that:

- In accordance with paragraph 3 of the Directions Order, the Notice was published in the following publications on the following dates:
 - Ireland: Iris Oifigiúil, the Irish Times and the Irish Independent on 23 July 2024 and the Financial Times (International Edition) on 1 August 2024;
 - Latvia: the submission of the notice of the proposed transfer will be submitted to the Latvian supervisory authority for publication on their website after the Sanctions hearing but before 30 November.
 - Lithuania: publication of the notice of the Transfer in the newspaper, Verslo žinios, occurred on 22 August 2024 and in the newspaper, Lietuvos Rytas, on 23 August 2024.
 - Norway: publication of the notice of the Transfer in the newspaper, Aftenposten, will take place following the hearing of the Petition and in advance of the Scheme Date.
 - In the Affidavit (latest draft as at 17th September) of Arisara Poole, also a director of GAIDAC, she confirms that the publications in each of Estonia, the Netherlands and Spain of the notice referred to in the paragraph above will be made after the Scheme Date, in accordance with the applicable local rules.

Documents being made available for inspection at premises

- The above GAIDAC affidavits also confirm that the transferring documentation (comprised of the petition, the notice and the Original (Actuarial) Report), was made available for inspection at the registered office of GAIDAC at Third Floor, The Metropolitan Building, James Joyce St, Dublin 1, Ireland between the hours of 9.00 a.m. and 5.00 p.m. local time on each working day between Wednesday, 24 July 2024 and Friday, 30 August 2024.
- The GAIDAC affidavits also confirm that this Supplementary Report will be made available for inspection at the registered office of GAIDAC [between the hours of 9.00 a.m. and 5.00 p.m. local time on each working day from 26 September 2024 and will

remain so available until the date that the Petition is to be heard by the Court (both dates inclusive).

- The GAIDAC affidavits also state that no person has attended to review the Transfer documentation or Supplementary report at the time of the swearing of the affidavits.
- The GAIDAC affidavits also contain a confirmation that no person has attended to review the Transfer documentation or Supplementary Report at the time of the swearing of the affidavits.
- The GAIDAC affidavits also provide similar assurances in relation to the making available of documents for inspection by ZVA.
- Similarly the ZVA affidavit confirms that Scheme Documentation were made available for inspection at Zurich's Registered Office on 26 July 2024 and were available for a period of at least fifteen working days, between the hours of 9:00a.m. and 5:00p.m. local time, following publication of the Notice in Iris Oifigiúil.
- And finally it states that as at the date of affirming this affidavit, no person has attended Zurich's Registered Office to inspect the Scheme Documentation or the Supplementary Report.

Online publication of transfer documentation

- The Affidavits also confirm that that copies of the Petition, the Notice and the Actuarial Report have been made available for inspection and/or download online on the following website links <https://corporate.mcdonalds.com/corpmcd/GAIDAC.html> and on <https://www.zurich.at/ueber-zurich/pressebereich/presseaussendungen>
- Both Scheme Companies have confirmed to me that the Supplementary report will be also made available from 26 September 2024 for GAIDC, and 27 September 2024 for ZVA.

Contact with Policyholders

As stated in the Original Report, only the GAIDAC policyholders are being contacted, as the Scheme has minimal impact on ZVA policyholders.

In her affidavit, Arisara Poole confirmed that on 30 August 2024, GAIDAC/McDonald's Group commenced direct communications with GAIDAC's policyholders/insureds by email in line with its business as usual (BAU) process for communicating with those policyholders/insureds in relation to their coverage.

Communications have been transmitted to policyholders as promised as follows:

- the local broker sent the Communication to the local McDonald's Group contact who disseminated the Communication to each relevant policyholder/insured. Alternatively, if there was no local broker, AIMD ("Aon Insurance Management Dublin") or Aon Global sent the Communication to the local McDonald's Group contact who disseminated the Communication to each relevant policyholder/insured; and
- GAIDAC/McDonald's Group sent the Communication to the local McDonald's Group contact who disseminated the Communication to each relevant policyholder/insured.

Contact with GAIDAC, ZVA and A&L Goodbody in relation to the Scheme

As at the date of this Supplementary Report there have been no policyholder queries, complaints and objections in relation to the Scheme. However, Policyholders have until 3rd October to object, per the notices in the newspapers etc.

Two Regulators, France and Denmark raised queries in relation to the nature of the business being transferred and the business classes concerned. Both queries have been responded to by GAIDAC. The objection period for all regulators expired on 12th September. However, at the time of writing this report, the Central Bank has yet to provide a confirmation to GAIDAC that no objections have been received from the other regulators, though I have been informed it is imminent.

4.2 Any changes to my assumptions underlying the Original Report

I outline below in italics each of my assumptions from Section 2.5 of the Original Report, together with an update as of this Supplementary Report:

- *ZVA will retain solvency levels within their risk appetite up to the Effective Date and over the plan period to 2026. In the event of an unanticipated shock in the interim, they will instigate management plans as outlined in the ORSA to remediate the position;*
 - Update: ZVA has confirmed that there are no changes to the projections over the plan period since the Original Report.
- *Service levels will not be impacted by the Scheme;*
 - Update: ZVA has confirmed that there is no change in respect of this assertion.
- *For the policyholders of GAIDAC moving to ZVA under the Scheme, their liabilities will be 100% reinsured to GAIL in Bermuda, via Zurich Insurance Company Ltd in Switzerland, providing additional security over and above that of the ZVA balance sheet;*
 - Update: The Scheme Companies have confirmed that there is no change in respect of this assertion.
- *No significant additional tax liabilities will arise as a result of the Scheme for any of the Scheme Companies in relation to impacting the security of policyholders' contractual rights;*
 - Update: The Scheme Companies have confirmed that there no change in respect to this assertion based on analysis from the Scheme Companies.
- *ZVA has no intention to change its plan to accept the transferring policies, or to carry out any restructuring of their businesses as a result of the Scheme;*
 - Update: ZVA has confirmed that there is no change in respect of this assertion.

- *GAIDAC intends to commute or novate some pockets of business outside the arrangements detailed in the proposed Scheme. Therefore, all existing policyholders of GAIDAC will (a) become policyholders of ZVA as a result of the Scheme or (b) will have their coverage novated or commuted outside the arrangements detailed in the proposed Scheme;*
 - Update: The Scheme Companies have confirmed that there is no change in respect of this assertion. Specifically, since the Directions Hearing, the wordings of the various novation & commutation agreements have been further developed and refined, and have been finalised but not yet executed. The pockets of business involve the following:
 - *the Inwards Reinsurance Policies;*
 - *GAIDAC's outwards reinsurance arrangements;*
 - *the UK Portfolio; and*
 - *the US Policies.*
- *While the Scheme allows for Excluded Policies, none are expected at this time.*
 - Update: GAIDAC has confirmed that there is no change in respect to this assertion.

4.3 Update on Wider Market and Regulatory Matters

I am not aware of any development that would change my views on the statement made in the Original Report in relation to wider market and regulatory matters, or specifically in relation to the Israel Gaza war or the Ukraine Russia war. No new issues have arisen that would cause me to reassess my conclusions in the Original Report.

4.4 Other formal risk or actuarial reports

No additional annual reports (e.g. Actuarial Function Reports, ORSA's etc.) have been produced by ZVA or GAIDAC since the Original Report (other than the Aon Actual versus Expected report already referenced).

I have reviewed a summary of the reserve committee presentation as at end of June 2024 for ZVA, the narrative from the ZVA head of finance on the year-to-date performance for both the ZVA life and non-life portfolios, and the report from the Aon Actuarial team in relation to GAIDAC Actual versus Expected in the year-to-date. They are consistent with previous presentations and contain no reason for me to alter my previous conclusions.

4.5 Review of all correspondence with impacted Regulators

ZVA and GAIDAC have each summarised the communication between them and their regulators, the FMA and the Central Bank of Ireland respectively, and have confirmed that no issues have arisen in relation to the Scheme. Each has also confirmed to me that

they are not aware of/have not received any other regulatory correspondence that may impact the Scheme.

4.6 Other issues that may have arisen.

4.6.1 Litigations

ZVA and GAIDAC have confirmed to me that they have no new material litigation issues/exposures to report.

4.6.2 Complaints and proposed GAIDAC policyholder treatment by ZVA

GAIDAC has confirmed to me that there have been no (new) complaints since the Original Report, and ZVA has confirmed to me that there are no changes since the Original Report in how ZVA plans to treat transferring GAIDAC policyholders. There is nothing therefore under this heading that I believe will have any impact on the Scheme.

4.6.3 Compensation Scheme

I am not aware of any developments that would change my views on the statement made in the Original Report in relation to Compensation Schemes.

A Appendix: Glossary

Glossary of company names, other relevant bodies and other terms used in both the Original and Supplementary Reports	
Term	Definition
A&L Goodbody	Dublin based Solicitors Practice
AF	Actuarial Function
AFH	Actuarial Function Holder
AIMD	Aon Insurance Management Dublin
ASP	Actuarial standards of Practice
BAU	Business as Usual
Central Bank	Central Bank of Ireland – the Irish insurance Regulator
FMA	Financial Market Authority – the Austrian insurance regulator
GAIDAC	Golden Arches Insurance DAC
GAIL	Golden Arches insurance Limited – the Bermudan Captive of the McDonalds corporation, which in turn is the parent of GAIL
HoAF	Head of Actuarial Function
HY	Half Year
ORSA	Own Risk and Solvency Assessment
SCR	Solvency Capital Requirement
Solvency II	The Regulatory Regime for insurance companies across Europe
YE	Year End
ZIG	Zurich Insurance Group (the ultimate parent (99.98%) of ZVA)
ZVA	Zürich Versicherungs-Aktiengesellschaft (the name for the Zurich insurance legal entity in Austria)

B Appendix: Data Received

GAIDAC: Data Received for Supplementary Report	
File	Narrative
GAIDAC Aon Analysis	DRAFT report from Aon actuarial advisors on actual versus expected incurred movement in the year-to-date
GAIDAC Comms Letter issued as part of BAU	Communications Letter
Legal Notice - Iris Oifigiuil	Copy of notice published in Iris Oifigiuil
Legal Notice - Irish Independent	The ad that appeared in the Irish independent
Legal Notice - Irish Times	The ad that appeared in the Irish Times
2024.08.01 Golden Arches Insurance Newspaper Notice (Financial Times International Edition)	The ad that appeared in the financial times
Various Commutation Reinsurance and Novation agreements	Various agreements drafted in June as yet Unsigned
Risk Appetite Framework	A document outlining at a high policy level the company's approach to risk
Risk Register	List of major items that the company considers together with description of 0065posure, mitigation responses, and adequacy of mitigated risk score.
45. Gail Management Accounts Pack Jun 2024 final	GAIDAC Management Accounts
Q2 QRTs	Quarterly Reporting Templates from GAIDAC
Various Tables	Updated Management ~Information from the tables in the Original Report
Other	Carious responses in writing to our queries in our data request, as well as answers received by email and in call.
ZVA: Data Received for Supplementary Report	
File	Narrative
PostQ2 2024 SII und local stat Reserve Komitee	Reserve Committee Deck, as well as a phone call with eth actuary and subsequent emails talking us through the main conclusions
Emails from Head of Finance	Various emails from Head of Finance on performance of the top-line premium and the bottom line profit for both the life and non-life portfolios which form the legal entity that is ZVA
Some key comments on local stat loss reserving for Q224	
SupplementaryReport_Tables_HY2024	Updated Management ~Information from the tables in the Original Report