

*Issued to the media jointly by Royal Liver Assurance Limited and Irish Life (Retail)*

- **Royal Liver Assurance Limited to acquire Industrial Branch business of Irish Life (Retail)**
- **Benefits under customers' policies safeguarded**
- **Employees to transfer from Irish Life to Royal Liver**

**Thursday 6<sup>th</sup> December 2001.** Royal Liver Assurance and Irish Life (Retail) have announced today that they have reached agreement on the acquisition of the Industrial Branch business (also known as the Home Service business) of Irish Life (Retail) by Royal Liver. The two companies announced their decision to enter exclusive negotiations on this issue in late June of this year. The Industrial Branch business, which offers a home based premium collection service at its core, is a distinct business unit within the Irish Life (Retail) business.

The completion of the transaction is subject to a number of conditions including the sanction of the High Court in Ireland and approval by the Delegates of Royal Liver Assurance. Completion is expected to occur in the first quarter of 2002.

**Consideration:**

In consideration for the Industrial Branch assets, Royal Liver will assume the liabilities, and will make payments to Irish Life of IR£18.5 million (€23.5 million) for the infrastructure and operating assets and an amount in the order of IR£118 million (€150 million), based on current asset values, for the other assets of the business, to be used by Irish Life to replace solvency support for the remaining life assurance business that is currently provided by the IB fund. The exact amount payable will be determined at the date of the transfer of the business. Both payments will be in cash.

**Background to deal:**

Royal Liver is already a leading Industrial Branch provider in this segment of the Irish market and the move represents an opportunity to capitalise further on its expertise in this sector, developed over the past 150 years. Royal Liver already has a major industrial branch

home collection infrastructure and identifies significant potential to achieve even greater efficiencies by adding in the Irish Life business. Both organisations have a long history of providing a home collection service for premiums, often collecting at the same addresses.

The overall strengthening and cost-effectiveness gains, which will result from this acquisition by Royal Liver, offer significant benefits for all customers. A principal potential benefit is the reducing of unit costs in a segment of the market which is expensive to service, but which allows access to protection and savings for many who might otherwise not be able to avail of such provision.

The purchase will also help to strengthen further Royal Liver's financial foundation for its parallel plans to expand into the middle-market customer sector. These initiatives include the expansion of its direct sales force operation, which advises on pensions and investments, and also of its broker division, Caledonian Life, following Royal Liver's acquisition last year of the former Guardian Life Ireland business.

From the perspective of Irish Life (Retail), the decision to explore the sale followed a comprehensive review of its business. In recent years, Industrial Branch business has become an increasingly small part of the activities of the Retail division which has otherwise enjoyed very rapid growth.

**Impacts of sale on policies held by customers and on employees:**

The benefits under the policies of Irish Life Industrial Branch customers will be protected in this transaction. The completion of this transaction requires approval by the Irish High Court. As part of this approval process an independent actuary will have to confirm to the High Court that the transaction will not adversely affect the benefits to policyholders and that the security of those benefits for customers will be preserved. Subject to the approval of the transaction by the Delegates of Royal Liver Assurance, policyholders will also become members of Royal Liver Assurance.

Royal Liver currently employs approximately 700 staff in Ireland and the sale includes the transfer to Royal Liver of staff currently working in the Industrial Branch business of Irish Life (Retail).

### **Comments from respective parties:**

Brian McCaul, Chief Executive of Royal Liver Assurance said; “This is great news for both Irish Life Industrial Branch policyholders and Royal Liver Assurance. For the transferring policyholders the deal will guarantee a continuing service and membership of a highly respected mutual office. For Royal Liver the transaction will boost its solvency even further and confirm its position among the strongest life assurers in Ireland and the UK. It also adds approximately IR£250 million (€320 million) to our funds under management.”

Denis Casey, Chief Executive of Irish Life (Retail) said; "This transaction reflects the fact that the Industrial Branch business has become an increasingly marginal activity for us over the last number of years. Completion of the transaction will allow us to focus all our activities on those areas of the market where we have leading – and fast growing – positions. The transaction also provides continuity for both staff and customers of our Industrial Branch business."

### **CONTACT DETAILS**

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### **NOTES FOR EDITORS**

#### **Royal Liver Assurance Limited**

Royal Liver Assurance has operated in Ireland since 1855. It is a mutual office and one of the largest friendly societies, employing over 2600 people within the United Kingdom and the Republic of Ireland and managing over 5 million policies on behalf of its policyholders.

Assets under management are approaching Stg £3 billion. Its product range includes life assurance, personal pensions, savings and investment plans, general insurance and mortgages.

Financial advisers to Royal Liver Assurance Limited are HSBC Investment Bank plc.

**Irish Life (Retail)**

Irish Life (Retail) is an operating business of Irish Life & Permanent plc – one of the leading providers of personal financial services in Ireland. Other operating businesses of the Group include Irish Permanent, TSB Bank, Irish Life Investment Managers and Irish Life Corporate Business. Irish Life (Retail) is a market leader in Ireland's life & pensions industry. Sales in Irish Life (Retail) in the Year 2000 were 160 million euros. Products include life assurance, personal pensions, savings and investment plans.

Irish Life & Permanent plc has been advised in this matter by Lexicon Partners, the independent corporate advisory firm focused on the financial institutions sector.

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Ends.