



Registration of a Charge

Company name: **ABBEY LIFE ASSURANCE COMPANY LIMITED**

Company number: **00710383**



X4MS3CM3

Received for Electronic Filing: **22/12/2015**

Details of Charge

Date of creation: **21/12/2015**

Charge code: **0071 0383 0015**

Persons entitled: **SERCO PENSION TRUSTEE LIMITED AS TRUSTEE OF THE SERCO PENSION AND LIFE ASSURANCE SCHEME**

Brief description:

Contains fixed charge(s).

Contains negative pledge.

Authentication of Form

This form was authorised by: **a person with an interest in the registration of the charge.**

Authentication of Instrument

Certification statement: **I CERTIFY THAT SAVE FOR MATERIAL REDACTED PURSUANT TO S. 859G OF THE COMPANIES ACT 2006 THE ELECTRONIC COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION FOR REGISTRATION IS A CORRECT COPY OF THE ORIGINAL INSTRUMENT.**

Certified by:

ARRON SLOCOMBE



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 710383

Charge code: 0071 0383 0015

The Registrar of Companies for England and Wales hereby certifies that a charge dated 21st December 2015 and created by ABBEY LIFE ASSURANCE COMPANY LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 22nd December 2015 .

Given at Companies House, Cardiff on 23rd December 2015

The above information was communicated by electronic means and authenticated by the Registrar of Companies under section 1115 of the Companies Act 2006



Companies House



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES

DATE: 21 December 2015

**REINSURER IA
INSURER/TRUSTEE
SECURITY ASSIGNMENT**

Between

ABBAY LIFE ASSURANCE COMPANY LIMITED

(as the Assignor)

in favour of

**SERCO PENSION TRUSTEE LIMITED
AS TRUSTEE OF THE SERCO PENSION AND LIFE ASSURANCE SCHEME**

(as the Assignee)

Certified to be a true
copy of the original
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THIS SECURITY ASSIGNMENT is made by way of deed on 21 December 2015

BETWEEN:

- (1) **ABBEY LIFE ASSURANCE COMPANY LIMITED**, a company registered in England with registered number 00710383 whose registered office is at Winchester House, 1 Great Winchester Street, London EC2N 2DB (the "Assignor"); and
 - (2) **SERCO PENSION TRUSTEE LIMITED AS TRUSTEE OF THE SERCO PENSION AND LIFE ASSURANCE SCHEME**, a company incorporated in England with registered number 09868351 and registered office at Serco House, 16 Bartley Wood Business Park, Bartley Way Hook, Hampshire, RG27 9UY (the "Assignee"),
- (collectively, the "Parties").

RECITALS:

- (A) Under the Insurance Agreement, the Assignor has agreed to insure the Assignee for certain longevity related risks.
- (B) The Parties have agreed that the Assignor shall grant security to the Assignee over certain rights of the Assignor in respect of the Reinsurer IA Security Interest Deed, the Reinsurer IA Account Control Agreement and the Reinsurer IA Custody Agreement.
- (C) It is intended by the Parties hereto that this Security Assignment will take effect as a deed despite the fact that the Assignee may only execute this Security Assignment under hand.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

Definitions

1.1 In this Security Assignment:

"**Acknowledgement and Coordination Agreement**" means the agreement dated on or about the date hereof between the Assignor, the Assignee and the Reinsurer;

"**Assigned Agreements**" has the meaning given in in Clause 3.1 (*Assignment*);

"**Assigned Rights**" means the rights and other things expressed to be assigned in Clause 3.1 (*Assignment*);

"**Assignor Residual Insurance Agreement Termination Payment**" means an amount equal to the sum of Floating Payer Insurance Agreement Termination Payment less the Floating Payer Reinsurance Agreement Termination Payment (each term as defined in the Acknowledgement and Coordination Agreement) (where such amount is greater than zero);

"**Authorisation**" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration;

"**Collateral Rights**" means all rights, powers and remedies of the Assignee provided by or pursuant to this Security Assignment or by law;

"**Enforcement Event**" shall have the meaning given to it in Clause 7.2 (*Enforcement Event*);

"**Enforcement Expenses**" means all the costs, and expenses (including legal fees) incurred by the Assignee in connection with the exercise, preservation, perfection and/or enforcement of any of the rights, powers or remedies of the Assignee or the Security or any proceedings

instituted by or against the Assignee as a consequence of taking or holding the Security or of enforcing any rights, powers or remedies of the Assignee;

"Insurance Agreement" means the insurance agreement dated on or about the date hereof between the Assignee as insured and the Assignor as insurer;

"Receiver" shall have the meaning given to it in Clause 8.1 (*Appointment and Removal*);

"Reinsurer" means Challenger Life Company Limited, a company incorporated in Australia with Australian Business Number 44072486938;

"Reinsurer IA Account Control Agreement" means the account control agreement between the Assignor, the Reinsurer and the Reinsurer IA Custodian dated on or about hereof;

"Reinsurer IA Accounts" means the cash and securities account(s) as set out in the Reinsurer IA Security Interest Deed;

"Reinsurer IA Custodian" means HSBC Bank plc, whose registered office is at 8 Canada Square, London E14 5HQ, or any alternative or successor appointed;

"Reinsurer IA Custody Agreement" means the custody agreement between the Assignor and the Reinsurer IA Custodian dated on or about the date hereof;

"Reinsurer IA Security Interest Deed" means the security interest deed between the Assignor as chargor and the Reinsurer as chargee dated on or about hereof;

"Reinsurer's Security Interest" mean the security interest(s) in favour of the Reinsurer under or pursuant to or evidenced by the Reinsurer IA Security Interest Deed;

"Secured Obligations" means the obligation of the Assignor to pay the Assignee a Termination Amount under or pursuant to the Insurance Agreement (such obligation to be discharged in accordance with the terms of the Insurance Agreement and the Acknowledgement and Coordination Agreement) and all obligations and liabilities owing and payable by the Assignor under or pursuant to this Security Assignment, except, in either case, for any obligation or liability which, if it were included, would cause that obligation or liability or any of the Security in respect thereof, to be unlawful or prohibited by any applicable law; and

"Security" means the security created under or pursuant to or evidenced by this Security Assignment.

Construction

1.2 Unless a contrary indication appears, a reference in this Security Assignment to:

- (a) **"including", "include" or "includes"** shall be construed as a reference to **"including without limitation" "include without limitation" or "includes without limitation"**, so that any list of items or matters appearing after the word **"including", "include" or "includes"** shall be deemed not to be an exhaustive list, but shall be deemed rather to be a representative list, of those items or matters forming a part of the category described prior to the word **"including", "include" or "includes"**;
- (b) a reference to a statute or statutory provision includes a reference to that statute or statutory provision as from time to time modified or re-enacted, and to any repealed statute or statutory provision which it re-enacts (with or without modification), and to any statutory instruments and regulations made thereunder;
- (c) the rule known as the *ejusdem generis* rule shall not apply and accordingly general words introduced by the word **"other"** shall not be given a restrictive meaning by

reason of the fact that they are preceded by words indicating a particular class of acts, matters or things and general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words;

- (d) a contract, document, agreement or instrument is a reference to that contract, document, agreement or instrument as amended, novated, supplemented, extended or restated;
- (e) references to writing shall include any modes of reproducing words in a legible and non-transitory form (and do not include email save where expressly stated to the contrary);
- (f) a person includes a reference to a government, state, state agency, corporation, body corporate, association or partnership;
- (g) a person includes a reference to that person's legal personal representatives, successors and permitted assigns;
- (h) the singular includes the plural and vice versa;
- (i) a time of day is a reference to the time in London, unless a contrary indication appears; and
- (j) a clause or annex, unless stated otherwise or the context otherwise requires, is a reference to a clause or annex of this Security Assignment.

1.3 The headings in this Security Assignment do not affect its interpretation.

1.4 Any capitalised term used in this Security Assignment but not defined herein shall have the meaning given to it in the Insurance Agreement and/or the Acknowledgement and Coordination Agreement.

Third Party Rights

1.5 A person who is not a party to this Security Assignment has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy any benefit of any term of this Security Assignment other than as expressly provided for in Clause 15.1 (*Permitted Successors*) of this Security Assignment.

2. COVENANT TO PAY

2.1 The Assignor covenants with the Assignee to discharge all of the Secured Obligations on their due date in accordance with their respective terms.

3. SECURITY

Assignment

3.1 Subject to the Reinsurer's Security Interest, the Assignor assigns absolutely with full title guarantee to the Assignee as continuing security for the payment and discharge of the Secured Obligations all of its right, title, benefits and interest, present and future, in, under and to:

- (a) the Reinsurer IA Security Interest Deed;
- (b) the Reinsurer IA Account Control Agreement; and
- (c) the Reinsurer IA Custody Agreement,

together (the "Assigned Agreements") and, in each case, with all present and future claims, causes of action, payments and proceeds in respect thereof and right to take proceedings to enforce the obligations thereunder.

Assignee Assumes No Obligations

- 3.2 The Assignee shall not be under any obligation in relation to the Assigned Agreements as a consequence of this Security Assignment and the Assignor shall at all times remain bound by all obligations expressed to be assumed by it in respect of the Assigned Agreements.

Release

- 3.3 Upon the Assignee being satisfied that the Secured Obligations have been irrevocably and unconditionally paid or discharged in full, the Assignee shall, at the request and cost of the Assignor re-assign (such reassignment not to be unreasonably withheld or delayed) to the Assignor the Assigned Rights and release all the Security, subject to Clause 9.9 (*Avoidance of Payments*) and without recourse to, or the giving of any representation or warranty by, the Assignee or any of its nominee(s).

4. ASSIGNOR'S WARRANTIES AND UNDERTAKINGS

Warranties

- 4.1 The Assignor makes the following warranties to the Assignee as at the date of this Security Assignment and acknowledges that the Assignee has become a party to this Security Assignment in reliance on these warranties:

(a) *Status*

- (i) It is a corporation, duly incorporated and validly existing under the laws of its jurisdiction of incorporation.
- (ii) It has the power to own its assets and carry on its business as it is being conducted.

(b) *Assigned Agreements in force*

Subject to applicable bankruptcy, reorganisation, insolvency, moratorium or similar laws affecting creditors' rights generally, including the time barring of claims under the Limitation Acts and subject to enforceability, to, equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law) and to the completion of all registrations required by law or in respect of perfection, the Assigned Agreements are in full force and effect, enforceable in accordance with their terms and at the date hereof it is not in breach of any term or condition of the Assigned Agreements.

(c) *No restrictions*

There are no restrictions on the Assignor's ability to assign the Assigned Rights, whether contained in the Assigned Agreements or in any other document or at law.

(d) *Binding obligations*

Subject to applicable bankruptcy, reorganisation, insolvency, moratorium or similar laws affecting creditors' rights generally, including the time barring of claims under the Limitation Acts and subject to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or

at law) and to the completion of all registrations required by law or in respect of perfection, the obligations expressed to be assumed by it in this Security Assignment are legal, valid, binding and enforceable obligations.

(e) ***Non-conflict with other obligations***

The entry into and performance by it of, and the transactions contemplated by, this Security Assignment does not:

- (i) conflict with:
 - (A) any law or regulation applicable to it;
 - (B) its constitutional documents; or
 - (C) any agreement or instrument binding upon it or any of its assets; or
- (ii) result in the existence of, or oblige it to create, any security (other than the Security) over the Assigned Rights.

(f) ***Ranking***

Subject to the Reinsurer's Security Interest, the Security is a first ranking security interest over the Assigned Rights and is not subject to any prior ranking or *pari passu* security.

(g) ***Power and authority***

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Security Assignment and the transactions contemplated by this Security Assignment.

(h) ***Ownership of the Assigned Rights***

It is the sole legal and beneficial owner of the Assigned Rights free and clear of all security interests save for the Reinsurer's Security Interest and as created by this Security Assignment and has not sold or disposed of or granted any interest in or rights in respect of any of its right, title and interest, in the Assigned Rights and the Assigned Rights are not subject to any options to purchase or similar rights or other restrictions upon disposal which would operate to restrict in any way their disposal or collection by the Assignee should it come to enforce the Security.

(i) ***Authorisations***

All Authorisations required:

- (i) to enable it lawfully to enter into, exercise its rights and comply with its obligations under this Security Assignment; and
- (ii) to make this Security Assignment admissible in evidence in its jurisdiction of incorporation,

have been obtained or effected and are in full force and effect.

(j) ***Choice of law***

The choice of English law as the governing law of this Security Assignment and any judgment obtained in England in relation to this Security Assignment will be recognised and enforced in its jurisdiction of incorporation.

(k) *No filing or stamp taxes*

Under the law of its jurisdiction of incorporation it is not necessary:

- (i) that this Security Assignment be filed, recorded or enrolled with any court or other authority in that jurisdiction, other than with the Registrar of Companies in England and Wales to be registered as a charge; or
- (ii) that any stamp, registration or similar tax be paid on or in relation to this Security Assignment or the transactions contemplated by this Security Assignment.

(l) *Winding-up*

No corporate actions, legal proceedings or other procedure or steps have been taken in relation to, or notice given in respect of, a composition, compromise, assignment or arrangement with any creditor of the Assignor or in relation to the suspension of payments or moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of, or the appointment of an administrator to, the Assignor and no such step is intended by the Assignor.

Undertakings

4.2 The Assignor undertakes that it shall:

(a) *Authorisations*

Promptly:

- (i) obtain, comply with and do all that is necessary to maintain in full force and effect; and
- (ii) supply certified copies to the Assignee of,

any Authorisation required under any law or regulation of its jurisdiction of incorporation, the jurisdiction of incorporation of the Assignee and any other relevant jurisdiction to enable it to perform its obligations under this Security Assignment and to ensure the legality, validity, enforceability or admissibility in evidence in any such jurisdiction of this Security Assignment.

(b) *Compliance with laws*

Comply in all respects with all laws to which it may be subject, if failure so to comply might impair its ability to perform its obligations under this Security Assignment.

(c) *Disposals and Negative pledge*

Not enter into a single transaction or a series of transactions (whether related or not) and whether voluntarily or involuntarily, to sell, transfer or otherwise dispose of the whole or any part of the Assigned Rights and subject to the Reinsurer's Security Interest, will not create or permit to subsist any security interest on any part of the Assigned Rights or otherwise deal with any part of the Assigned Rights.

(d) *Not Jeopardise*

Except to the extent permitted by the Acknowledgement and Coordination Agreement and by the Reinsurer IA Security Interest Deed, not do or permit to be done any act or thing which might materially jeopardise the rights of the Assignee in the Assigned

Rights or which might materially and adversely affect or materially diminish the value of the Assigned Rights (other than to permit the creation of a custodian's lien in priority to the Assignor's charge and rights of set-off in relation to the Reinsurer IA Accounts to secure any fees payable to the Reinsurer IA Custodian for the performance of its services under the Reinsurer IA Account Control Agreement and the Reinsurer IA Custody Agreement in respect of the Reinsurer IA Accounts charged under the Reinsurer IA Security Interest Deed.).

(e) ***Notify***

Promptly notify the Assignee of any circumstances which give rise, or may reasonably be expected to give rise, to a claim on or in relation to the Assigned Rights.

(f) ***No amendment, waiver or termination***

Not amend or waive any of the terms of the Assigned Agreements or give a notice under the Assigned Agreements that would terminate the Assigned Agreements, without the prior written consent of the Assignee.

(g) ***No set-off etc***

Not take or omit to take any action which might result in (i) the material alteration or material impairment of any of its rights under the Assigned Agreements; (ii) any material default of any of its obligations under the Assigned Agreements; or (iii) any counterclaims or rights of set-off arising under the Assigned Agreements.

(h) ***Filings***

Register this Security Assignment with the Registrar of Companies in England and Wales as a charge.

(i) ***Notice to Reinsurer IA Custodian***

Promptly, and in any event not later than 2 Business Days, after entry into this Security Assignment, give written notice of this Security Assignment and the Security to the Reinsurer IA Custodian.

(j) ***Reinsurer IA Custody Agreement***

Not enter into any side letter or other document that forms part of the Reinsurer IA Custody Agreement without the Assignee's prior written consent (such consent not to be unreasonably withheld or delayed).

Acknowledgement: the Reinsurer IA Security Interest Deed and/or the Reinsurer IA Account Control Agreement

- 4.3 Subject to the other provisions of this Security Assignment, the Assignee acknowledges and agrees that prior to the occurrence of an Enforcement Event the Reinsurer and the Reinsurer IA Custodian (as applicable) shall continue to deal with the Assignor in respect of the Reinsurer IA Security Interest Deed, the Reinsurer IA Account Control Agreement and/or the Reinsurer IA Custody Agreement in the manner contemplated in the Reinsurer IA Security Interest Deed, the Reinsurer IA Account Control Agreement and/or the Reinsurer IA Custody Agreement, such that, among other things, prior to the occurrence of an Enforcement Event, the Assignor shall retain the right to give (i) instructions to the Reinsurer IA Custodian and/or (ii) notices to, and receive notices from, the Reinsurer and/or the Reinsurer IA Custodian under the Reinsurer IA Security Interest Deed, the Reinsurer IA Account Control Agreement and/or the Reinsurer IA

Custody Agreement in accordance with the provisions of the Reinsurer IA Security Interest Deed, the Reinsurer IA Account Control Agreement and/or the Reinsurer IA Custody Agreement.

5. FURTHER ASSURANCE

Covenant for Further Assurance

- 5.1 The Assignor shall promptly at its own cost do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Assignee may specify (and in such form as the Assignee may require in favour of the Assignee or its nominee(s)) for the purpose of exercising the Collateral Rights (including, without limitation, making any claims or serving any notices pursuant to the Assigned Agreements as the Assignee may specify) or perfecting or preserving the security created or intended to be created in respect of the Assigned Rights (which may include the execution by the Assignor of a mortgage, charge or assignment over the rights which are or are intended to form part of the Assigned Rights) or for the exercise of the rights, powers and remedies of the Assignee provided by or pursuant to this Security Assignment or by law in each case in accordance with the rights vested in it under this Security Assignment.

Prescribed Wording

- 5.2 The following covenants shall be implied in respect of any action taken by the Assignor to comply with its obligations under Clause 5.1:
- (a) the Assignor has the right to take such action in respect of the Assigned Rights; and
 - (b) the Assignor will at its own cost do all that it reasonably can to give the Assignee or its nominee the title and/or rights that it purports to give.

6. POWER OF ATTORNEY

Appointment and Powers

- 6.1 The Assignor, by way of security for the performance of the Secured Obligations and the Assignor's obligations under this Security Assignment, irrevocably appoints the Assignee and any Receiver severally to be its attorney and in its name, on its behalf and as its act and deed to execute, deliver and perfect all documents and do all things that the attorney may consider to be required or desirable for:
- (a) carrying out any obligation imposed on the Assignor by or pursuant to this Security Assignment or any other agreement binding on the Assignor which obligation may affect the Assigned Rights (including the execution and delivery of any deeds, charges, assignments or other security and any transfers of the assets subject to the Security);
 - (b) enabling the Assignee and any Receiver to exercise, or delegate the exercise of, any of the rights, powers and authorities conferred on them by or pursuant to this Security Assignment or by law;
 - (c) enabling the Assignee and any Receiver to exercise, or delegate the exercise of, all or any of the Collateral Rights; or
 - (d) making any claim under the Assigned Agreements to the extent that such claim is required in order to validate or render due and/or payable any amount pursuant to such contract.

Delegation

- 6.2 Each of the Assignee and any Receiver shall have full power to delegate the power conferred on it or him by Clause 6.1 (*Appointment and Powers*).

Ratification

- 6.3 The Assignor ratifies and confirms all things done and all documents executed by any attorney in the proper and lawful exercise or purported exercise of its or his powers.

7. SECURITY ENFORCEMENT

Time for Enforcement

- 7.1 Following the occurrence of an Enforcement Event (as defined below) the security created or constituted by or pursuant to this Security Assignment (the “**Security**”) is immediately enforceable and the Assignee may without notice to the Assignor or prior authorisation from any court, in its absolute discretion:

- (a) exercise its powers in respect of all or any part of the Assigned Rights;
- (b) secure and perfect its title to all or any part of the Assigned Rights or otherwise exercise in relation to the Assigned Rights all the rights of an absolute owner;
- (c) enforce all or any part of the Security (at the times, in the manner and on the terms it thinks fit) and appropriate, hold, sell, or otherwise dispose of all or any part of the Assigned Rights (at the time, in the manner and on the terms it thinks fit);
- (d) whether or not it has appointed a Receiver, exercise all or any of the powers, authorities and discretions conferred by the Law of Property Act 1925 (as varied or extended by this Security Assignment) on mortgagees and by this Security Assignment on any Receiver or otherwise conferred by law on mortgagees or receivers; and
- (e) collect, recover or compromise, and give good discharge for any moneys paid or payable to the Assignor under or in respect of the Assigned Rights, and enforce (in any way whatsoever including, without limitation, by way of instituting proceedings in the Assignor’s name or making any claim for insurance) any rights or claims arising under or in respect of the Assigned Rights.

Enforcement Event(s)

- 7.2 The Security shall be enforceable upon:

- (a) the occurrence of a Bankruptcy (as defined in the Insurance Agreement) with respect to the Assignor under the terms of the Insurance Agreement; or
- (b) where, following termination of the Insurance Agreement, the Assignor Residual Insurance Agreement Termination Payment has become due and payable by the Assignor to the Assignee under the terms of the Insurance Agreement and it has not been paid on its due date pursuant to the terms of the Insurance Agreement,

(each an “**Enforcement Event**”).

- 7.3 On or following the occurrence of an Enforcement Event, the Assignee may deliver a notice to the Reinsurer IA Custodian substantially in the form attached in Schedule 1 (*Form of the Reinsurer IA Insurer/Trustee Security Assignment Enforcement Notice*) notifying the Reinsurer IA Custodian that, amongst other things, it shall be entitled to exercise immediately, or as and

when it sees fit, any and every power, benefit, or interest (among other things) possessed by the Assignor by virtue of the applicable Assigned Agreements by way of instructions to the Reinsurer IA Custodian.

Power of sale

- 7.4 The power of sale or other disposal conferred on the Assignee and on any Receiver by this Security Assignment shall operate as a variation and extension of the statutory power of sale under section 101 of the Law of Property Act 1925 and such power shall arise (and the Secured Obligations shall be deemed due and payable for that purpose) on execution of this Security Assignment.
- 7.5 The restrictions contained in sections 93 and 103 of the Law of Property Act 1925 shall not apply to this Security Assignment or to the exercise by the Assignee of its right to consolidate all or any of the security created by or pursuant to this Security Assignment with any other security in existence at any time or to its power of sale, which powers may be exercised by the Assignee without notice to the Assignor on or at any time following the occurrence of an Enforcement Event.

Certificate

- 7.6 A certificate in writing by an officer or agent of the Assignee that the power of sale or disposal has arisen and is exercisable shall be conclusive evidence of that fact, in favour of a purchaser of all or any part of the Assigned Rights.

Assignee's liability

- 7.7 Neither the Assignee nor any Receiver shall be liable to account as mortgagee or mortgagee in possession in respect of the Assigned Rights or be liable for any loss upon realisation or for any neglect or default of any nature whatsoever in connection with the Assigned Rights for which a mortgagee or mortgagee in possession might as such be liable.

Statutory powers

- 7.8 The powers conferred by this Security Assignment on the Assignee are in addition to and not in substitution for the powers conferred on mortgagees and mortgagees in possession under the Law of Property Act 1925, the Insolvency Act 1986 or otherwise by law and in the case of any conflict between the powers contained in any such Act and those conferred by this Security Assignment the terms of this Security Assignment will prevail.

Declaration of Trust

- 7.9 The Assignee agrees that, following an Enforcement Event, to the extent that the Assignee has exercised any of its rights in respect of the Reinsurer IA Accounts to give instructions to transfer the Reinsurer IA Account Balance (as defined in the Acknowledgement and Coordination Agreement) to it and the Reinsurer IA Account Balance so transferred is in excess of the Assignor Residual Insurance Agreement Termination Payment, it shall hold such excess upon trust for the Assignor (and hereby declares itself as trustee in respect of the same) and shall transfer the same as soon as practicable to the Reinsurer IA Accounts or to such other account(s) as may be nominated by the Assignor. The Parties agree that this Clause 7.9 shall survive the occurrence of the release and discharge of the Security hereunder.

8. RECEIVERS

Appointment and Removal

8.1 At any time after having been requested to do so by the Assignor or after this Security Assignment becomes enforceable in accordance with Clause 7 (*Security Enforcement*), the Assignee may by deed or otherwise (acting through an authorised officer of the Assignee), without prior notice to the Assignor:

- (a) appoint one or more persons to be a receiver of the whole or any part of the Assigned Rights;
 - (b) appoint one or more receivers of separate parts of the Assigned Rights;
 - (c) remove (so far as it is lawfully able) any receiver so appointed; and
 - (d) appoint another person(s) as an additional or replacement receiver(s),
- (any receiver appointed pursuant to Clauses (a), (b) or (d) above, a "Receiver").

Capacity of Receivers

8.2 Each person appointed to be a Receiver pursuant to Clause 8.1 (*Appointment and Removal*) shall be:

- (a) entitled to act individually or together with any other person appointed or substituted as Receiver;
- (b) for all purposes deemed to be the agent of the Assignor which shall be solely responsible for his acts, defaults and liabilities and for the payment of his remuneration and no Receiver shall at any time act as agent for the Assignee; and
- (c) entitled to remuneration for his services at a rate to be fixed by the Assignee from time to time (without being limited to the maximum rate specified by the Law of Property Act 1925).

Statutory powers of appointment

8.3 The powers of appointment of a Receiver shall be in addition to all statutory and other powers of appointment of the Assignee under the Law of Property Act 1925 (as extended by this Security Assignment) or otherwise and such powers shall remain exercisable from time to time by the Assignee in respect of any part of the Assigned Rights.

Powers of Receivers

8.4 Every Receiver shall (subject to any restrictions in the instrument appointing him but notwithstanding any winding-up or dissolution of the Assignor) have and be entitled to exercise, in relation to the Assigned Rights in respect of which he was appointed, and as varied and extended by the provisions of this Security Assignment (in the name of or on behalf of the Assignor or in his own name and, in each case, at the cost of the Assignor):

- (a) all the powers conferred by the Law of Property Act 1925 on mortgagors and on mortgagees in possession and on receivers appointed under that Act;
- (b) all the powers of an administrative receiver set out in schedule 1 to the Insolvency Act 1986 (whether or not the Receiver is an administrative receiver);
- (c) all the powers and rights of an absolute owner and power to do or omit to do anything which the Assignor itself could do or omit to do;

- (d) the power to delegate (either generally or specifically) the powers, authorities and discretions conferred on him by this Security Assignment (including the power of attorney) on such terms and conditions as he shall see fit which delegation shall not preclude either the subsequent exercise or any subsequent delegation or any revocation of such power, authority or discretion by the Receiver itself; and
- (e) the power to do all things (including bringing or defending proceedings in the name or on behalf of the Assignor) which seem to the Receiver to be incidental or conducive to:
 - (i) any of the functions, powers, authorities or discretions conferred on or vested in him;
 - (ii) the exercise of any of the Collateral Rights (including realisation of all or any part of the Assigned Rights); or
 - (iii) bringing to his hands any assets of the Assignor forming part of, or which when got in would be, the Assigned Rights.

Consideration

- 8.5 The receipt of the Assignee or any Receiver shall be a conclusive discharge to a purchaser and, in making any sale or disposal of any of the Assigned Rights or making any acquisition, the Assignee or any Receiver may do so for such consideration, in such manner and on such terms as it or he thinks fit.

Protection of purchasers

- 8.6 No purchaser or other person dealing with the Assignee or any Receiver shall be bound to inquire whether the right of the Assignee or such Receiver to exercise any of its or his powers has arisen or become exercisable or be concerned with any propriety or regularity on the part of the Assignee or such Receiver in such dealings.

Discretions

- 8.7 Any liberty or power which may be exercised or any determination which may be made under this Security Assignment by the Assignee or any Receiver may be exercised or made in its absolute and unfettered discretion without any obligation to give reasons.

Exercise by Assignee

- 8.8 To the fullest extent permissible under law, the Assignee may exercise any right or power that the Receiver may exercise in relation to the enforcement of this Security Assignment and the Security and Collateral Rights.

9. EFFECTIVENESS OF SECURITY

Cumulative Rights

- 9.1 The Security and the Collateral Rights shall be cumulative, in addition to and independent of every other security which the Assignee may at any time hold for the Secured Obligations or any rights, powers and remedies provided by law. No prior security held by the Assignee over the whole or any part of the Assigned Rights shall merge into the Security.

No Waiver

- 9.2 No failure to exercise, nor any delay in exercising, on the part of the Assignee, any right or remedy under this Security Assignment shall operate as a waiver of any such right or remedy or

constitute an election to affirm this Security Assignment or the Assigned Agreements. No single or partial exercise of any right or remedy shall preclude any further or other exercise of that right or remedy or the exercise of any other right or remedy of the Assignee. The rights and remedies are cumulative and not exclusive of any rights or remedies provided by law.

Illegality, Invalidity, Unenforceability

- 9.3 If, at any time, any provision of this Security Assignment is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Security Assignment nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired.

No liability

- 9.4 None of the Assignee, its nominee(s) or any Receiver shall be liable by reason of (a) taking any action permitted by this Security Assignment or (b) any neglect or default in connection with the Assigned Rights or (c) the taking possession or realisation of all or any part of the Assigned Rights, except in the case of gross negligence or wilful default upon its part.

Implied Covenants for Title

- 9.5 The provisions in respect of certain covenants set out in section 6(2) of the Law of Property (Miscellaneous Provisions) Act 1994 will not extend to Clause 3 (*Security*).

Continuing security

- 9.6 The Security is a continuing security and shall remain in full force and effect as a continuing security for the Secured Obligations until released or discharged by the Assignee.
- 9.7 No part of the Security shall be considered satisfied or discharged by any intermediate payment, discharge or satisfaction of the whole or any part of the Secured Obligations.

Immediate recourse

- 9.8 The Assignor waives any right it may have of first requiring the Assignee to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Assignor under this Security Assignment. This waiver applies irrespective of any law or any provision of this Security Assignment to the contrary.

Avoidance of Payments

- 9.9 Notwithstanding Clause 3.3 (*Release*) if the Assignee considers that any amount paid or credited to it is capable of being avoided or reduced by virtue of any bankruptcy, insolvency, liquidation or similar laws, the liability of the Assignor under this Security Assignment and the Security shall continue and that amount shall not be considered to have been irrevocably paid.

No prejudice

- 9.10 The Security and the Collateral Rights shall not be prejudiced by any unenforceability or invalidity of any other agreement or document or by any time or indulgence granted to the Assignor or any other person by the Assignee or by any other thing which might otherwise prejudice the Security or the Collateral Rights.

10. EXPENSES, STAMP TAXES, INDEMNITY

Enforcement expenses

- 10.1 The Assignor shall, within three Business Days of demand pay to the Assignee any related Enforcement Expenses on a full indemnity basis.

Stamp Taxes

- 10.2 The Assignor shall pay all stamp, registration and other taxes to which this Security Assignment, the Security or any judgment given in connection with it is or at any time may be subject and shall, from time to time, indemnify the Assignee on demand against any liabilities, costs, claims and expenses resulting from any failure to pay or delay in paying any such tax.

Indemnity

- 10.3 The Assignor shall, notwithstanding any release or discharge of all or any part of the Security, indemnify the Assignee, its attorneys and any Receiver against any action, proceeding, claims, losses, liabilities and costs which it may sustain as a consequence of any breach by the Assignor of the provisions of this Security Assignment, the exercise or purported exercise of any of the rights and powers conferred on them by this Security Assignment or otherwise relating to the Assigned Rights.

Interest on Demands

- 10.4 If the Assignor fails to pay any sum on the due date for payment of that sum the Assignor shall pay interest on any such sum (before and after any judgment and to the extent interest at a default rate is not otherwise being paid on such sum) from the date of demand until the date of payment calculated on a daily basis at the Default Rate.

Payments Free of Deduction

- 10.5 All payments to be made to the Assignee under this Security Assignment shall be made free and clear of and without deduction for or on account of tax unless the Assignor is required to make such payment subject to the deduction or withholding of tax, in which case the sum payable by the Assignor in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the person on account of whose liability to tax such deduction or withholding has been made receives and retains (free from any liability in respect of any such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made.

11. APPLICATION OF PROCEEDS

- 11.1 All moneys received or recovered by the Assignee or any Receiver pursuant to this Security Assignment or the powers conferred by it shall (subject to the claims of any person having prior rights thereto and by way of variation of the provisions of the Law of Property Act 1925) be applied first in the payment of the costs, charges and expenses incurred and payments made by the Receiver, the payment of his remuneration and the discharge of any liabilities incurred by the Receiver in, or incidental to, the exercise of any of his powers, and thereafter shall be applied by the Assignee (notwithstanding any purported appropriation by the Assignor) as the Assignee shall think fit in the discharge of the Secured Obligations.

12. SUSPENSE ACCOUNTS

- 12.1 All moneys received, recovered or realised by the Assignee under this Security Assignment (including the proceeds of any conversion of currency) may in the discretion of the Assignee be credited to any interest bearing suspense or impersonal account maintained with any bank, building society or financial institution which it considers appropriate pending the application of such monies from time to time in or towards the discharge of any of the Secured Obligations, *provided, however, that* if the Secured Obligations have been determined and are not in dispute, such amounts shall be applied towards the Secured Obligations immediately and any monies in excess of the amount of the Secured Obligations shall be returned to the Assignor as soon as practicable.

13. CURRENCY CONVERSION

- 13.1 For the purpose of or pending the discharge of any of the Secured Obligations the Assignee may convert any moneys received, recovered or realised or subject to application by it or any Receiver under or pursuant to this Security Assignment from one currency to another, as the Assignee thinks fit and any such conversion shall be effected at the spot rate of exchange for the time being (as determined by the Assignee) for obtaining such other currency with the first currency and the Secured Obligations shall be discharged only to the extent of the net proceeds of such conversion received by the Assignee.

14. CALCULATIONS AND CERTIFICATES

Accounts

- 14.1 In any litigation or arbitration proceedings arising out of or in connection with this Security Assignment, the entries made in the accounts maintained by the Reinsurer IA Custodian are *prima facie* evidence of the matters to which they relate.

Certificates and Determinations

- 14.2 Any certification or determination by the Assignee of a rate or amount under this Security Assignment is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

15. ASSIGNMENT

Permitted Successors

- 15.1 This Security Assignment shall be binding upon and shall inure to the benefit of each Party and its direct or subsequent legal successors.

Successors

- 15.2 This Security Assignment shall remain in effect despite any amalgamation or merger (however effected) relating to the Assignee or the Assignor; and references to the Assignee or the Assignor shall include any assignee or successor in title of the Assignee or the Assignor and any person who, under the laws of its jurisdiction of incorporation or domicile, has assumed the rights and obligations of the Assignee or the Assignor under this Security Assignment or to which, under such laws, those rights and obligations have been transferred.

Disclosure

- 15.3 The Assignee shall be entitled to disclose such information concerning this Security Assignment as the Assignee considers appropriate to any actual or proposed direct or indirect successor or to any person to whom information may be required to be disclosed by applicable law.

16. NOTICES

- 16.1 The Parties agree that any notice served under this Security Assignment shall comply with the requirements of clause 7 of the Acknowledgement and Coordination Agreement.

17. WAIVERS AND COUNTERPARTS

Waivers

- 17.1 No waiver by the Assignee of any of its rights under this Security Assignment shall be effective unless given in writing.

Counterparts

- 17.2 This Security Assignment may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Security Assignment.

18. LAW

- 18.1 This Security Assignment and all non-contractual matters arising out of or in connection with it are governed by English law.

19. ENFORCEMENT

Jurisdiction of English Courts

- 19.1 The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Security Assignment (including a dispute relating to the existence, validity or termination of this Security Assignment or the consequences of its nullity) or any non-contractual obligations arising out of or in connection with this Security Assignment (a "Dispute").
- 19.2 The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no party will argue to the contrary.
- 19.3 This Clause 19 (*Enforcement*) is for the benefit of the Assignee only. As a result and notwithstanding Clause 19.1 (*Jurisdiction of English Courts*), it does not prevent the Assignee from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Assignee may take concurrent proceedings in any number of jurisdictions.

THIS SECURITY ASSIGNMENT has been executed as a deed by the Assignor and the Assignee and is intended to be and is hereby delivered by each Party as a deed on the date specified above.

SCHEDULE 1

FORM OF REINSURER IA INSURER/TRUSTEE SECURITY ASSIGNMENT ENFORCEMENT NOTICE

To: HSBC Bank plc
Corporate Trust & Loan Agency, Europe
HSBC Securities Services
Level 27, 8 Canada Square
London
E14 5HQ

Attention: The Senior Manager, CT Client Services, Corporate Trust and Loan Agency

Copy: Abbey Life Assurance Company Limited
100 Holdenhurst Road
Bournemouth
Dorset BH8 8ZQ

Attention: Head of Legal & Compliance

Copy: Abbey Life Assurance Company Limited
100 Holdenhurst Road
Bournemouth
Dorset BH8 8ZQ

Attention: Head of Actuarial Services

[date]

Dear Sirs

REINSURER IA INSURER/TRUSTEE SECURITY ASSIGNMENT ENFORCEMENT NOTICE

We refer you to the Notice of Security Assignment dated [] December 2015 from Abbey Life Assurance Company Limited to you, HSBC Bank plc (the **Notice of Security Assignment**) and the Account Control Agreement dated [] December 2015 between Abbey Life Assurance Company Limited (the **Chargor**), Challenger Life Company Limited (the Secured Party) and yourselves (as **Custodian**) (the **Account Control Agreement**) in relation to the accounts maintained by the Chargor with you, the details of which are set out below:

- (a) in respect of the Securities, the following custody accounts opened by the Chargor with you:

Account number: [REDACTED]

- (b) in respect of Cash, the following cash accounts opened by the Chargor with you:

GBP: [REDACTED]

AUD: [REDACTED]

Sort code: [REDACTED]

Words and expressions defined in the Notice of Security Assignment and/or the Account Control Agreement shall have the same meaning when used in this notice.

We hereby notify you that an Enforcement Event has occurred pursuant to the terms of the Reinsurer IA Insurer/Trustee Security Assignment and we hereby instruct you that, amongst other things, we shall be entitled to exercise immediately, or as and when we see fit, any and every power, benefit, or interest (among other things) possessed by the Chargor by virtue of the Account Control Agreement and the Custody Agreement by way of instructions to you in place of the Chargor and you shall cease accepting and complying with instructions of the Chargor pursuant to the Account Control Agreement and the Custody Agreement.

Please find set out below details (names, specimen signatures and telephone numbers) of the Authorised Representatives duly authorised to give instructions on behalf of Serco Pension Trustee Limited as the trustee of the Serco Pension and Life Assurance Scheme:

**SERCO PENSION TRUSTEE LIMITED AS TRUSTEE OF THE SERCO PENSION
AND LIFE ASSURANCE SCHEME**

NAME	SIGNATURE	TELEPHONE NUMBER

A minimum of [●] persons shall sign any instructions from the Trustee.

For and on behalf of

**SERCO PENSION TRUSTEE LIMITED
AS TRUSTEE OF THE SERCO PENSION
AND LIFE ASSURANCE SCHEME**

By:
Name:
Title:

By:
Name:
Title:

The Assignor

Executed as a Deed by)
ABBEY LIFE ASSURANCE COMPANY)
LIMITED acting by:)

Signature of Director

Benedict Crabb

Name of Director

Signature of Director / Secretary

Amber S. Dening

Name of Director / Secretary

The Assignee

Executed as a Deed by)
SERCO PENSION TRUSTEE LIMITED)
as trustee of the SERCO PENSION)
AND LIFE ASSURANCE SCHEME)
acting by:)

Signature of Director

Name of Director

Signature of Director / Secretary

Name of Director / Secretary

DATE: 21 DECEMBER 2015

**REINSURER IA
INSURER/TRUSTEE
SECURITY ASSIGNMENT**

Between

ABBAY LIFE ASSURANCE COMPANY LIMITED

(as the Assignor)

in favour of

**SERCO PENSION TRUSTEE LIMITED
AS TRUSTEE OF THE SERCO PENSION AND LIFE ASSURANCE SCHEME**

(as the Assignee)

Certified to be a true
copy of the original

Baker & McKenzie LLP
**Baker & McKenzie LLP
100 New Bridge Street
London EC4V 6JA**

CMS Cameron McKenna LLP
Cannon Place
78 Cannon Street
London EC4N 6AF
T +44 20 7367 3000
F +44 20 7367 2000

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THIS SECURITY ASSIGNMENT is made by way of deed on 21 December 2015

BETWEEN:

- (1) **ABBEY LIFE ASSURANCE COMPANY LIMITED**, a company registered in England with registered number 00710383 whose registered office is at Winchester House, 1 Great Winchester Street, London EC2N 2DB (the "Assignor"); and
 - (2) **SERCO PENSION TRUSTEE LIMITED AS TRUSTEE OF THE SERCO PENSION AND LIFE ASSURANCE SCHEME**, a company incorporated in England with registered number 09868351 and registered office at Serco House, 16 Bartley Wood Business Park, Bartley Way Hook, Hampshire, RG27 9UY (the "Assignee"),
- (collectively, the "Parties").

RECITALS:

- (A) Under the Insurance Agreement, the Assignor has agreed to insure the Assignee for certain longevity related risks.
- (B) The Parties have agreed that the Assignor shall grant security to the Assignee over certain rights of the Assignor in respect of the Reinsurer IA Security Interest Deed, the Reinsurer IA Account Control Agreement and the Reinsurer IA Custody Agreement.
- (C) It is intended by the Parties hereto that this Security Assignment will take effect as a deed despite the fact that the Assignee may only execute this Security Assignment under hand.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

Definitions

1.1 In this Security Assignment:

"**Acknowledgement and Coordination Agreement**" means the agreement dated on or about the date hereof between the Assignor, the Assignee and the Reinsurer;

"**Assigned Agreements**" has the meaning given in in Clause 3.1 (*Assignment*);

"**Assigned Rights**" means the rights and other things expressed to be assigned in Clause 3.1 (*Assignment*);

"**Assignor Residual Insurance Agreement Termination Payment**" means an amount equal to the sum of Floating Payer Insurance Agreement Termination Payment less the Floating Payer Reinsurance Agreement Termination Payment (each term as defined in the Acknowledgement and Coordination Agreement) (where such amount is greater than zero);

"**Authorisation**" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration;

"**Collateral Rights**" means all rights, powers and remedies of the Assignee provided by or pursuant to this Security Assignment or by law;

"**Enforcement Event**" shall have the meaning given to it in Clause 7.2 (*Enforcement Event*);

"**Enforcement Expenses**" means all the costs, and expenses (including legal fees) incurred by the Assignee in connection with the exercise, preservation, perfection and/or enforcement of any of the rights, powers or remedies of the Assignee or the Security or any proceedings

instituted by or against the Assignee as a consequence of taking or holding the Security or of enforcing any rights, powers or remedies of the Assignee;

"Insurance Agreement" means the insurance agreement dated on or about the date hereof between the Assignee as insured and the Assignor as insurer;

"Receiver" shall have the meaning given to it in Clause 8.1 (*Appointment and Removal*);

"Reinsurer" means Challenger Life Company Limited, a company incorporated in Australia with Australian Business Number 44072486938;

"Reinsurer IA Account Control Agreement" means the account control agreement between the Assignor, the Reinsurer and the Reinsurer IA Custodian dated on or about hereof;

"Reinsurer IA Accounts" means the cash and securities account(s) as set out in the Reinsurer IA Security Interest Deed;

"Reinsurer IA Custodian" means HSBC Bank plc, whose registered office is at 8 Canada Square, London E14 5HQ, or any alternative or successor appointed;

"Reinsurer IA Custody Agreement" means the custody agreement between the Assignor and the Reinsurer IA Custodian dated on or about the date hereof;

"Reinsurer IA Security Interest Deed" means the security interest deed between the Assignor as chargor and the Reinsurer as chargee dated on or about hereof;

"Reinsurer's Security Interest" mean the security interest(s) in favour of the Reinsurer under or pursuant to or evidenced by the Reinsurer IA Security Interest Deed;

"Secured Obligations" means the obligation of the Assignor to pay the Assignee a Termination Amount under or pursuant to the Insurance Agreement (such obligation to be discharged in accordance with the terms of the Insurance Agreement and the Acknowledgement and Coordination Agreement) and all obligations and liabilities owing and payable by the Assignor under or pursuant to this Security Assignment, except, in either case, for any obligation or liability which, if it were included, would cause that obligation or liability or any of the Security in respect thereof, to be unlawful or prohibited by any applicable law; and

"Security" means the security created under or pursuant to or evidenced by this Security Assignment.

Construction

1.2 Unless a contrary indication appears, a reference in this Security Assignment to:

- (a) **"including", "include" or "includes"** shall be construed as a reference to **"including without limitation" "include without limitation" or "includes without limitation"**, so that any list of items or matters appearing after the word **"including", "include" or "includes"** shall be deemed not to be an exhaustive list, but shall be deemed rather to be a representative list, of those items or matters forming a part of the category described prior to the word **"including", "include" or "includes"**;
- (b) a reference to a statute or statutory provision includes a reference to that statute or statutory provision as from time to time modified or re-enacted, and to any repealed statute or statutory provision which it re-enacts (with or without modification), and to any statutory instruments and regulations made thereunder;
- (c) the rule known as the *ejusdem generis* rule shall not apply and accordingly general words introduced by the word **"other"** shall not be given a restrictive meaning by

reason of the fact that they are preceded by words indicating a particular class of acts, matters or things and general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words;

- (d) a contract, document, agreement or instrument is a reference to that contract, document, agreement or instrument as amended, novated, supplemented, extended or restated;
- (e) references to writing shall include any modes of reproducing words in a legible and non-transitory form (and do not include email save where expressly stated to the contrary);
- (f) a person includes a reference to a government, state, state agency, corporation, body corporate, association or partnership;
- (g) a person includes a reference to that person's legal personal representatives, successors and permitted assigns;
- (h) the singular includes the plural and vice versa;
- (i) a time of day is a reference to the time in London, unless a contrary indication appears; and
- (j) a clause or annex, unless stated otherwise or the context otherwise requires, is a reference to a clause or annex of this Security Assignment.

1.3 The headings in this Security Assignment do not affect its interpretation.

1.4 Any capitalised term used in this Security Assignment but not defined herein shall have the meaning given to it in the Insurance Agreement and/or the Acknowledgement and Coordination Agreement.

Third Party Rights

1.5 A person who is not a party to this Security Assignment has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy any benefit of any term of this Security Assignment other than as expressly provided for in Clause 15.1 (*Permitted Successors*) of this Security Assignment.

2. COVENANT TO PAY

2.1 The Assignor covenants with the Assignee to discharge all of the Secured Obligations on their due date in accordance with their respective terms.

3. SECURITY

Assignment

3.1 Subject to the Reinsurer's Security Interest, the Assignor assigns absolutely with full title guarantee to the Assignee as continuing security for the payment and discharge of the Secured Obligations all of its right, title, benefits and interest, present and future, in, under and to:

- (a) the Reinsurer IA Security Interest Deed;
- (b) the Reinsurer IA Account Control Agreement; and
- (c) the Reinsurer IA Custody Agreement,

together (the "Assigned Agreements") and, in each case, with all present and future claims, causes of action, payments and proceeds in respect thereof and right to take proceedings to enforce the obligations thereunder.

Assignee Assumes No Obligations

- 3.2 The Assignee shall not be under any obligation in relation to the Assigned Agreements as a consequence of this Security Assignment and the Assignor shall at all times remain bound by all obligations expressed to be assumed by it in respect of the Assigned Agreements.

Release

- 3.3 Upon the Assignee being satisfied that the Secured Obligations have been irrevocably and unconditionally paid or discharged in full, the Assignee shall, at the request and cost of the Assignor re-assign (such reassignment not to be unreasonably withheld or delayed) to the Assignor the Assigned Rights and release all the Security, subject to Clause 9.9 (*Avoidance of Payments*) and without recourse to, or the giving of any representation or warranty by, the Assignee or any of its nominee(s).

4. ASSIGNOR'S WARRANTIES AND UNDERTAKINGS

Warranties

- 4.1 The Assignor makes the following warranties to the Assignee as at the date of this Security Assignment and acknowledges that the Assignee has become a party to this Security Assignment in reliance on these warranties:

(a) ***Status***

- (i) It is a corporation, duly incorporated and validly existing under the laws of its jurisdiction of incorporation.
- (ii) It has the power to own its assets and carry on its business as it is being conducted.

(b) ***Assigned Agreements in force***

Subject to applicable bankruptcy, reorganisation, insolvency, moratorium or similar laws affecting creditors' rights generally, including the time barring of claims under the Limitation Acts and subject to enforceability, to, equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law) and to the completion of all registrations required by law or in respect of perfection, the Assigned Agreements are in full force and effect, enforceable in accordance with their terms and at the date hereof it is not in breach of any term or condition of the Assigned Agreements.

(c) ***No restrictions***

There are no restrictions on the Assignor's ability to assign the Assigned Rights, whether contained in the Assigned Agreements or in any other document or at law.

(d) ***Binding obligations***

Subject to applicable bankruptcy, reorganisation, insolvency, moratorium or similar laws affecting creditors' rights generally, including the time barring of claims under the Limitation Acts and subject to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or

at law) and to the completion of all registrations required by law or in respect of perfection, the obligations expressed to be assumed by it in this Security Assignment are legal, valid, binding and enforceable obligations.

(e) ***Non-conflict with other obligations***

The entry into and performance by it of, and the transactions contemplated by, this Security Assignment does not:

- (i) conflict with:
 - (A) any law or regulation applicable to it;
 - (B) its constitutional documents; or
 - (C) any agreement or instrument binding upon it or any of its assets; or
- (ii) result in the existence of, or oblige it to create, any security (other than the Security) over the Assigned Rights.

(f) ***Ranking***

Subject to the Reinsurer's Security Interest, the Security is a first ranking security interest over the Assigned Rights and is not subject to any prior ranking or *pari passu* security.

(g) ***Power and authority***

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Security Assignment and the transactions contemplated by this Security Assignment.

(h) ***Ownership of the Assigned Rights***

It is the sole legal and beneficial owner of the Assigned Rights free and clear of all security interests save for the Reinsurer's Security Interest and as created by this Security Assignment and has not sold or disposed of or granted any interest in or rights in respect of any of its right, title and interest, in the Assigned Rights and the Assigned Rights are not subject to any options to purchase or similar rights or other restrictions upon disposal which would operate to restrict in any way their disposal or collection by the Assignee should it come to enforce the Security.

(i) ***Authorisations***

All Authorisations required:

- (i) to enable it lawfully to enter into, exercise its rights and comply with its obligations under this Security Assignment; and
- (ii) to make this Security Assignment admissible in evidence in its jurisdiction of incorporation,

have been obtained or effected and are in full force and effect.

(j) ***Choice of law***

The choice of English law as the governing law of this Security Assignment and any judgment obtained in England in relation to this Security Assignment will be recognised and enforced in its jurisdiction of incorporation.

(k) ***No filing or stamp taxes***

Under the law of its jurisdiction of incorporation it is not necessary:

- (i) that this Security Assignment be filed, recorded or enrolled with any court or other authority in that jurisdiction, other than with the Registrar of Companies in England and Wales to be registered as a charge; or
- (ii) that any stamp, registration or similar tax be paid on or in relation to this Security Assignment or the transactions contemplated by this Security Assignment.

(l) ***Winding-up***

No corporate actions, legal proceedings or other procedure or steps have been taken in relation to, or notice given in respect of, a composition, compromise, assignment or arrangement with any creditor of the Assignor or in relation to the suspension of payments or moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of, or the appointment of an administrator to, the Assignor and no such step is intended by the Assignor.

Undertakings

4.2 The Assignor undertakes that it shall:

(a) ***Authorisations***

Promptly:

- (i) obtain, comply with and do all that is necessary to maintain in full force and effect; and
- (ii) supply certified copies to the Assignee of,

any Authorisation required under any law or regulation of its jurisdiction of incorporation, the jurisdiction of incorporation of the Assignee and any other relevant jurisdiction to enable it to perform its obligations under this Security Assignment and to ensure the legality, validity, enforceability or admissibility in evidence in any such jurisdiction of this Security Assignment.

(b) ***Compliance with laws***

Comply in all respects with all laws to which it may be subject, if failure so to comply might impair its ability to perform its obligations under this Security Assignment.

(c) ***Disposals and Negative pledge***

Not enter into a single transaction or a series of transactions (whether related or not) and whether voluntarily or involuntarily, to sell, transfer or otherwise dispose of the whole or any part of the Assigned Rights and subject to the Reinsurer's Security Interest, will not create or permit to subsist any security interest on any part of the Assigned Rights or otherwise deal with any part of the Assigned Rights.

(d) ***Not Jeopardise***

Except to the extent permitted by the Acknowledgement and Coordination Agreement and by the Reinsurer IA Security Interest Deed, not do or permit to be done any act or thing which might materially jeopardise the rights of the Assignee in the Assigned

Rights or which might materially and adversely affect or materially diminish the value of the Assigned Rights (other than to permit the creation of a custodian's lien in priority to the Assignor's charge and rights of set-off in relation to the Reinsurer IA Accounts to secure any fees payable to the Reinsurer IA Custodian for the performance of its services under the Reinsurer IA Account Control Agreement and the Reinsurer IA Custody Agreement in respect of the Reinsurer IA Accounts charged under the Reinsurer IA Security Interest Deed.).

(e) ***Notify***

Promptly notify the Assignee of any circumstances which give rise, or may reasonably be expected to give rise, to a claim on or in relation to the Assigned Rights.

(f) ***No amendment, waiver or termination***

Not amend or waive any of the terms of the Assigned Agreements or give a notice under the Assigned Agreements that would terminate the Assigned Agreements, without the prior written consent of the Assignee.

(g) ***No set-off etc***

Not take or omit to take any action which might result in (i) the material alteration or material impairment of any of its rights under the Assigned Agreements; (ii) any material default of any of its obligations under the Assigned Agreements; or (iii) any counterclaims or rights of set-off arising under the Assigned Agreements.

(h) ***Filings***

Register this Security Assignment with the Registrar of Companies in England and Wales as a charge.

(i) ***Notice to Reinsurer IA Custodian***

Promptly, and in any event not later than 2 Business Days, after entry into this Security Assignment, give written notice of this Security Assignment and the Security to the Reinsurer IA Custodian.

(j) ***Reinsurer IA Custody Agreement***

Not enter into any side letter or other document that forms part of the Reinsurer IA Custody Agreement without the Assignee's prior written consent (such consent not to be unreasonably withheld or delayed).

Acknowledgement: the Reinsurer IA Security Interest Deed and/or the Reinsurer IA Account Control Agreement

- 4.3 Subject to the other provisions of this Security Assignment, the Assignee acknowledges and agrees that prior to the occurrence of an Enforcement Event the Reinsurer and the Reinsurer IA Custodian (as applicable) shall continue to deal with the Assignor in respect of the Reinsurer IA Security Interest Deed, the Reinsurer IA Account Control Agreement and/or the Reinsurer IA Custody Agreement in the manner contemplated in the Reinsurer IA Security Interest Deed, the Reinsurer IA Account Control Agreement and/or the Reinsurer IA Custody Agreement, such that, among other things, prior to the occurrence of an Enforcement Event, the Assignor shall retain the right to give (i) instructions to the Reinsurer IA Custodian and/or (ii) notices to, and receive notices from, the Reinsurer and/or the Reinsurer IA Custodian under the Reinsurer IA Security Interest Deed, the Reinsurer IA Account Control Agreement and/or the Reinsurer IA

Custody Agreement in accordance with the provisions of the Reinsurer IA Security Interest Deed, the Reinsurer IA Account Control Agreement and/or the Reinsurer IA Custody Agreement.

5. FURTHER ASSURANCE

Covenant for Further Assurance

- 5.1 The Assignor shall promptly at its own cost do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Assignee may specify (and in such form as the Assignee may require in favour of the Assignee or its nominee(s)) for the purpose of exercising the Collateral Rights (including, without limitation, making any claims or serving any notices pursuant to the Assigned Agreements as the Assignee may specify) or perfecting or preserving the security created or intended to be created in respect of the Assigned Rights (which may include the execution by the Assignor of a mortgage, charge or assignment over the rights which are or are intended to form part of the Assigned Rights) or for the exercise of the rights, powers and remedies of the Assignee provided by or pursuant to this Security Assignment or by law in each case in accordance with the rights vested in it under this Security Assignment.

Prescribed Wording

- 5.2 The following covenants shall be implied in respect of any action taken by the Assignor to comply with its obligations under Clause 5.1:
- (a) the Assignor has the right to take such action in respect of the Assigned Rights; and
 - (b) the Assignor will at its own cost do all that it reasonably can to give the Assignee or its nominee the title and/or rights that it purports to give.

6. POWER OF ATTORNEY

Appointment and Powers

- 6.1 The Assignor, by way of security for the performance of the Secured Obligations and the Assignor's obligations under this Security Assignment, irrevocably appoints the Assignee and any Receiver severally to be its attorney and in its name, on its behalf and as its act and deed to execute, deliver and perfect all documents and do all things that the attorney may consider to be required or desirable for:
- (a) carrying out any obligation imposed on the Assignor by or pursuant to this Security Assignment or any other agreement binding on the Assignor which obligation may affect the Assigned Rights (including the execution and delivery of any deeds, charges, assignments or other security and any transfers of the assets subject to the Security);
 - (b) enabling the Assignee and any Receiver to exercise, or delegate the exercise of, any of the rights, powers and authorities conferred on them by or pursuant to this Security Assignment or by law;
 - (c) enabling the Assignee and any Receiver to exercise, or delegate the exercise of, all or any of the Collateral Rights; or
 - (d) making any claim under the Assigned Agreements to the extent that such claim is required in order to validate or render due and/or payable any amount pursuant to such contract.

Delegation

- 6.2 Each of the Assignee and any Receiver shall have full power to delegate the power conferred on it or him by Clause 6.1 (*Appointment and Powers*).

Ratification

- 6.3 The Assignor ratifies and confirms all things done and all documents executed by any attorney in the proper and lawful exercise or purported exercise of its or his powers.

7. SECURITY ENFORCEMENT

Time for Enforcement

- 7.1 Following the occurrence of an Enforcement Event (as defined below) the security created or constituted by or pursuant to this Security Assignment (the "**Security**") is immediately enforceable and the Assignee may without notice to the Assignor or prior authorisation from any court, in its absolute discretion:

- (a) exercise its powers in respect of all or any part of the Assigned Rights;
- (b) secure and perfect its title to all or any part of the Assigned Rights or otherwise exercise in relation to the Assigned Rights all the rights of an absolute owner;
- (c) enforce all or any part of the Security (at the times, in the manner and on the terms it thinks fit) and appropriate, hold, sell, or otherwise dispose of all or any part of the Assigned Rights (at the time, in the manner and on the terms it thinks fit);
- (d) whether or not it has appointed a Receiver, exercise all or any of the powers, authorities and discretions conferred by the Law of Property Act 1925 (as varied or extended by this Security Assignment) on mortgagees and by this Security Assignment on any Receiver or otherwise conferred by law on mortgagees or receivers; and
- (e) collect, recover or compromise, and give good discharge for any moneys paid or payable to the Assignor under or in respect of the Assigned Rights, and enforce (in any way whatsoever including, without limitation, by way of instituting proceedings in the Assignor's name or making any claim for insurance) any rights or claims arising under or in respect of the Assigned Rights.

Enforcement Event(s)

- 7.2 The Security shall be enforceable upon:

- (a) the occurrence of a Bankruptcy (as defined in the Insurance Agreement) with respect to the Assignor under the terms of the Insurance Agreement; or
- (b) where, following termination of the Insurance Agreement, the Assignor Residual Insurance Agreement Termination Payment has become due and payable by the Assignor to the Assignee under the terms of the Insurance Agreement and it has not been paid on its due date pursuant to the terms of the Insurance Agreement,

(each an "**Enforcement Event**").

- 7.3 On or following the occurrence of an Enforcement Event, the Assignee may deliver a notice to the Reinsurer IA Custodian substantially in the form attached in Schedule 1 (*Form of the Reinsurer IA Insurer/Trustee Security Assignment Enforcement Notice*) notifying the Reinsurer IA Custodian that, amongst other things, it shall be entitled to exercise immediately, or as and

when it sees fit, any and every power, benefit, or interest (among other things) possessed by the Assignor by virtue of the applicable Assigned Agreements by way of instructions to the Reinsurer IA Custodian.

Power of sale

7.4 The power of sale or other disposal conferred on the Assignee and on any Receiver by this Security Assignment shall operate as a variation and extension of the statutory power of sale under section 101 of the Law of Property Act 1925 and such power shall arise (and the Secured Obligations shall be deemed due and payable for that purpose) on execution of this Security Assignment.

7.5 The restrictions contained in sections 93 and 103 of the Law of Property Act 1925 shall not apply to this Security Assignment or to the exercise by the Assignee of its right to consolidate all or any of the security created by or pursuant to this Security Assignment with any other security in existence at any time or to its power of sale, which powers may be exercised by the Assignee without notice to the Assignor on or at any time following the occurrence of an Enforcement Event.

Certificate

7.6 A certificate in writing by an officer or agent of the Assignee that the power of sale or disposal has arisen and is exercisable shall be conclusive evidence of that fact, in favour of a purchaser of all or any part of the Assigned Rights.

Assignee's liability

7.7 Neither the Assignee nor any Receiver shall be liable to account as mortgagee or mortgagee in possession in respect of the Assigned Rights or be liable for any loss upon realisation or for any neglect or default of any nature whatsoever in connection with the Assigned Rights for which a mortgagee or mortgagee in possession might as such be liable.

Statutory powers

7.8 The powers conferred by this Security Assignment on the Assignee are in addition to and not in substitution for the powers conferred on mortgagees and mortgagees in possession under the Law of Property Act 1925, the Insolvency Act 1986 or otherwise by law and in the case of any conflict between the powers contained in any such Act and those conferred by this Security Assignment the terms of this Security Assignment will prevail.

Declaration of Trust

7.9 The Assignee agrees that, following an Enforcement Event, to the extent that the Assignee has exercised any of its rights in respect of the Reinsurer IA Accounts to give instructions to transfer the Reinsurer IA Account Balance (as defined in the Acknowledgement and Coordination Agreement) to it and the Reinsurer IA Account Balance so transferred is in excess of the Assignor Residual Insurance Agreement Termination Payment, it shall hold such excess upon trust for the Assignor (and hereby declares itself as trustee in respect of the same) and shall transfer the same as soon as practicable to the Reinsurer IA Accounts or to such other account(s) as may be nominated by the Assignor. The Parties agree that this Clause 7.9 shall survive the occurrence of the release and discharge of the Security hereunder.

8. RECEIVERS

Appointment and Removal

8.1 At any time after having been requested to do so by the Assignor or after this Security Assignment becomes enforceable in accordance with Clause 7 (*Security Enforcement*), the Assignee may by deed or otherwise (acting through an authorised officer of the Assignee), without prior notice to the Assignor:

- (a) appoint one or more persons to be a receiver of the whole or any part of the Assigned Rights;
 - (b) appoint one or more receivers of separate parts of the Assigned Rights;
 - (c) remove (so far as it is lawfully able) any receiver so appointed; and
 - (d) appoint another person(s) as an additional or replacement receiver(s),
- (any receiver appointed pursuant to Clauses (a), (b) or (d) above, a "Receiver").

Capacity of Receivers

8.2 Each person appointed to be a Receiver pursuant to Clause 8.1 (*Appointment and Removal*) shall be:

- (a) entitled to act individually or together with any other person appointed or substituted as Receiver;
- (b) for all purposes deemed to be the agent of the Assignor which shall be solely responsible for his acts, defaults and liabilities and for the payment of his remuneration and no Receiver shall at any time act as agent for the Assignee; and
- (c) entitled to remuneration for his services at a rate to be fixed by the Assignee from time to time (without being limited to the maximum rate specified by the Law of Property Act 1925).

Statutory powers of appointment

8.3 The powers of appointment of a Receiver shall be in addition to all statutory and other powers of appointment of the Assignee under the Law of Property Act 1925 (as extended by this Security Assignment) or otherwise and such powers shall remain exercisable from time to time by the Assignee in respect of any part of the Assigned Rights.

Powers of Receivers

8.4 Every Receiver shall (subject to any restrictions in the instrument appointing him but notwithstanding any winding-up or dissolution of the Assignor) have and be entitled to exercise, in relation to the Assigned Rights in respect of which he was appointed, and as varied and extended by the provisions of this Security Assignment (in the name of or on behalf of the Assignor or in his own name and, in each case, at the cost of the Assignor):

- (a) all the powers conferred by the Law of Property Act 1925 on mortgagors and on mortgagees in possession and on receivers appointed under that Act;
- (b) all the powers of an administrative receiver set out in schedule 1 to the Insolvency Act 1986 (whether or not the Receiver is an administrative receiver);
- (c) all the powers and rights of an absolute owner and power to do or omit to do anything which the Assignor itself could do or omit to do;

- (d) the power to delegate (either generally or specifically) the powers, authorities and discretions conferred on him by this Security Assignment (including the power of attorney) on such terms and conditions as he shall see fit which delegation shall not preclude either the subsequent exercise or any subsequent delegation or any revocation of such power, authority or discretion by the Receiver itself; and
- (e) the power to do all things (including bringing or defending proceedings in the name or on behalf of the Assignor) which seem to the Receiver to be incidental or conducive to:
 - (i) any of the functions, powers, authorities or discretions conferred on or vested in him;
 - (ii) the exercise of any of the Collateral Rights (including realisation of all or any part of the Assigned Rights); or
 - (iii) bringing to his hands any assets of the Assignor forming part of, or which when got in would be, the Assigned Rights.

Consideration

- 8.5 The receipt of the Assignee or any Receiver shall be a conclusive discharge to a purchaser and, in making any sale or disposal of any of the Assigned Rights or making any acquisition, the Assignee or any Receiver may do so for such consideration, in such manner and on such terms as it or he thinks fit.

Protection of purchasers

- 8.6 No purchaser or other person dealing with the Assignee or any Receiver shall be bound to inquire whether the right of the Assignee or such Receiver to exercise any of its or his powers has arisen or become exercisable or be concerned with any propriety or regularity on the part of the Assignee or such Receiver in such dealings.

Discretions

- 8.7 Any liberty or power which may be exercised or any determination which may be made under this Security Assignment by the Assignee or any Receiver may be exercised or made in its absolute and unfettered discretion without any obligation to give reasons.

Exercise by Assignee

- 8.8 To the fullest extent permissible under law, the Assignee may exercise any right or power that the Receiver may exercise in relation to the enforcement of this Security Assignment and the Security and Collateral Rights.

9. EFFECTIVENESS OF SECURITY

Cumulative Rights

- 9.1 The Security and the Collateral Rights shall be cumulative, in addition to and independent of every other security which the Assignee may at any time hold for the Secured Obligations or any rights, powers and remedies provided by law. No prior security held by the Assignee over the whole or any part of the Assigned Rights shall merge into the Security.

No Waiver

- 9.2 No failure to exercise, nor any delay in exercising, on the part of the Assignee, any right or remedy under this Security Assignment shall operate as a waiver of any such right or remedy or

constitute an election to affirm this Security Assignment or the Assigned Agreements. No single or partial exercise of any right or remedy shall preclude any further or other exercise of that right or remedy or the exercise of any other right or remedy of the Assignee. The rights and remedies are cumulative and not exclusive of any rights or remedies provided by law.

Illegality, Invalidity, Unenforceability

- 9.3 If, at any time, any provision of this Security Assignment is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Security Assignment nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired.

No liability

- 9.4 None of the Assignee, its nominee(s) or any Receiver shall be liable by reason of (a) taking any action permitted by this Security Assignment or (b) any neglect or default in connection with the Assigned Rights or (c) the taking possession or realisation of all or any part of the Assigned Rights, except in the case of gross negligence or wilful default upon its part.

Implied Covenants for Title

- 9.5 The provisions in respect of certain covenants set out in section 6(2) of the Law of Property (Miscellaneous Provisions) Act 1994 will not extend to Clause 3 (*Security*).

Continuing security

- 9.6 The Security is a continuing security and shall remain in full force and effect as a continuing security for the Secured Obligations until released or discharged by the Assignee.
- 9.7 No part of the Security shall be considered satisfied or discharged by any intermediate payment, discharge or satisfaction of the whole or any part of the Secured Obligations.

Immediate recourse

- 9.8 The Assignor waives any right it may have of first requiring the Assignee to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Assignor under this Security Assignment. This waiver applies irrespective of any law or any provision of this Security Assignment to the contrary.

Avoidance of Payments

- 9.9 Notwithstanding Clause 3.3 (*Release*) if the Assignee considers that any amount paid or credited to it is capable of being avoided or reduced by virtue of any bankruptcy, insolvency, liquidation or similar laws, the liability of the Assignor under this Security Assignment and the Security shall continue and that amount shall not be considered to have been irrevocably paid.

No prejudice

- 9.10 The Security and the Collateral Rights shall not be prejudiced by any unenforceability or invalidity of any other agreement or document or by any time or indulgence granted to the Assignor or any other person by the Assignee or by any other thing which might otherwise prejudice the Security or the Collateral Rights.

10. EXPENSES, STAMP TAXES, INDEMNITY

Enforcement expenses

- 10.1 The Assignor shall, within three Business Days of demand pay to the Assignee any related Enforcement Expenses on a full indemnity basis.

Stamp Taxes

- 10.2 The Assignor shall pay all stamp, registration and other taxes to which this Security Assignment, the Security or any judgment given in connection with it is or at any time may be subject and shall, from time to time, indemnify the Assignee on demand against any liabilities, costs, claims and expenses resulting from any failure to pay or delay in paying any such tax.

Indemnity

- 10.3 The Assignor shall, notwithstanding any release or discharge of all or any part of the Security, indemnify the Assignee, its attorneys and any Receiver against any action, proceeding, claims, losses, liabilities and costs which it may sustain as a consequence of any breach by the Assignor of the provisions of this Security Assignment, the exercise or purported exercise of any of the rights and powers conferred on them by this Security Assignment or otherwise relating to the Assigned Rights.

Interest on Demands

- 10.4 If the Assignor fails to pay any sum on the due date for payment of that sum the Assignor shall pay interest on any such sum (before and after any judgment and to the extent interest at a default rate is not otherwise being paid on such sum) from the date of demand until the date of payment calculated on a daily basis at the Default Rate.

Payments Free of Deduction

- 10.5 All payments to be made to the Assignee under this Security Assignment shall be made free and clear of and without deduction for or on account of tax unless the Assignor is required to make such payment subject to the deduction or withholding of tax, in which case the sum payable by the Assignor in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the person on account of whose liability to tax such deduction or withholding has been made receives and retains (free from any liability in respect of any such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made.

11. APPLICATION OF PROCEEDS

- 11.1 All moneys received or recovered by the Assignee or any Receiver pursuant to this Security Assignment or the powers conferred by it shall (subject to the claims of any person having prior rights thereto and by way of variation of the provisions of the Law of Property Act 1925) be applied first in the payment of the costs, charges and expenses incurred and payments made by the Receiver, the payment of his remuneration and the discharge of any liabilities incurred by the Receiver in, or incidental to, the exercise of any of his powers, and thereafter shall be applied by the Assignee (notwithstanding any purported appropriation by the Assignor) as the Assignee shall think fit in the discharge of the Secured Obligations.

12. SUSPENSE ACCOUNTS

- 12.1 All moneys received, recovered or realised by the Assignee under this Security Assignment (including the proceeds of any conversion of currency) may in the discretion of the Assignee be credited to any interest bearing suspense or impersonal account maintained with any bank, building society or financial institution which it considers appropriate pending the application of such monies from time to time in or towards the discharge of any of the Secured Obligations, *provided, however, that* if the Secured Obligations have been determined and are not in dispute, such amounts shall be applied towards the Secured Obligations immediately and any monies in excess of the amount of the Secured Obligations shall be returned to the Assignor as soon as practicable

13. CURRENCY CONVERSION

- 13.1 For the purpose of or pending the discharge of any of the Secured Obligations the Assignee may convert any moneys received, recovered or realised or subject to application by it or any Receiver under or pursuant to this Security Assignment from one currency to another, as the Assignee thinks fit and any such conversion shall be effected at the spot rate of exchange for the time being (as determined by the Assignee) for obtaining such other currency with the first currency and the Secured Obligations shall be discharged only to the extent of the net proceeds of such conversion received by the Assignee.

14. CALCULATIONS AND CERTIFICATES

Accounts

- 14.1 In any litigation or arbitration proceedings arising out of or in connection with this Security Assignment, the entries made in the accounts maintained by the Reinsurer IA Custodian are *prima facie* evidence of the matters to which they relate.

Certificates and Determinations

- 14.2 Any certification or determination by the Assignee of a rate or amount under this Security Assignment is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

15. ASSIGNMENT

Permitted Successors

- 15.1 This Security Assignment shall be binding upon and shall inure to the benefit of each Party and its direct or subsequent legal successors.

Successors

- 15.2 This Security Assignment shall remain in effect despite any amalgamation or merger (however effected) relating to the Assignee or the Assignor; and references to the Assignee or the Assignor shall include any assignee or successor in title of the Assignee or the Assignor and any person who, under the laws of its jurisdiction of incorporation or domicile, has assumed the rights and obligations of the Assignee or the Assignor under this Security Assignment or to which, under such laws, those rights and obligations have been transferred.

Disclosure

- 15.3 The Assignee shall be entitled to disclose such information concerning this Security Assignment as the Assignee considers appropriate to any actual or proposed direct or indirect successor or to any person to whom information may be required to be disclosed by applicable law.

16. NOTICES

- 16.1 The Parties agree that any notice served under this Security Assignment shall comply with the requirements of clause 7 of the Acknowledgement and Coordination Agreement.

17. WAIVERS AND COUNTERPARTS

Waivers

- 17.1 No waiver by the Assignee of any of its rights under this Security Assignment shall be effective unless given in writing.

Counterparts

- 17.2 This Security Assignment may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Security Assignment.

18. LAW

- 18.1 This Security Assignment and all non-contractual matters arising out of or in connection with it are governed by English law.

19. ENFORCEMENT

Jurisdiction of English Courts

- 19.1 The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Security Assignment (including a dispute relating to the existence, validity or termination of this Security Assignment or the consequences of its nullity) or any non-contractual obligations arising out of or in connection with this Security Assignment (a "Dispute").
- 19.2 The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no party will argue to the contrary.
- 19.3 This Clause 19 (*Enforcement*) is for the benefit of the Assignee only. As a result and notwithstanding Clause 19.1 (*Jurisdiction of English Courts*), it does not prevent the Assignee from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Assignee may take concurrent proceedings in any number of jurisdictions.

THIS SECURITY ASSIGNMENT has been executed as a deed by the Assignor and the Assignee and is intended to be and is hereby delivered by each Party as a deed on the date specified above.

SCHEDULE 1

FORM OF REINSURER IA INSURER/TRUSTEE SECURITY ASSIGNMENT ENFORCEMENT NOTICE

To: HSBC Bank plc
Corporate Trust & Loan Agency, Europe
HSBC Securities Services
Level 27, 8 Canada Square
London
E14 5HQ

Attention: The Senior Manager, CT Client Services, Corporate Trust and Loan Agency

Copy: Abbey Life Assurance Company Limited
100 Holdenhurst Road
Bournemouth
Dorset BH8 8ZQ

Attention: Head of Legal & Compliance

Copy: Abbey Life Assurance Company Limited
100 Holdenhurst Road
Bournemouth
Dorset BH8 8ZQ

Attention: Head of Actuarial Services

[date]

Dear Sirs

REINSURER IA INSURER/TRUSTEE SECURITY ASSIGNMENT ENFORCEMENT NOTICE

We refer you to the Notice of Security Assignment dated [] December 2015 from Abbey Life Assurance Company Limited to you, HSBC Bank plc (the **Notice of Security Assignment**) and the Account Control Agreement dated [] December 2015 between Abbey Life Assurance Company Limited (the **Chargor**), Challenger Life Company Limited (the Secured Party) and yourselves (as **Custodian**) (the **Account Control Agreement**) in relation to the accounts maintained by the Chargor with you, the details of which are set out below:

- (a) in respect of the Securities, the following custody accounts opened by the Chargor with you:

Account number: [REDACTED]

- (b) in respect of Cash, the following cash accounts opened by the Chargor with you:

GBP: [REDACTED]
AUD: [REDACTED]

Sort code: [REDACTED]

Words and expressions defined in the Notice of Security Assignment and/or the Account Control Agreement shall have the same meaning when used in this notice.

We hereby notify you that an Enforcement Event has occurred pursuant to the terms of the Reinsurer IA Insurer/Trustee Security Assignment and we hereby instruct you that, amongst other things, we shall be entitled to exercise immediately, or as and when we see fit, any and every power, benefit, or interest (among other things) possessed by the Chargor by virtue of the Account Control Agreement and the Custody Agreement by way of instructions to you in place of the Chargor and you shall cease accepting and complying with instructions of the Chargor pursuant to the Account Control Agreement and the Custody Agreement.

Please find set out below details (names, specimen signatures and telephone numbers) of the Authorised Representatives duly authorised to give instructions on behalf of Serco Pension Trustee Limited as the trustee of the Serco Pension and Life Assurance Scheme:

**SERCO PENSION TRUSTEE LIMITED AS TRUSTEE OF THE SERCO PENSION
AND LIFE ASSURANCE SCHEME**

NAME	SIGNATURE	TELEPHONE NUMBER
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A minimum of [●] persons shall sign any instructions from the Trustee.

For and on behalf of

**SERCO PENSION TRUSTEE LIMITED
AS TRUSTEE OF THE SERCO PENSION
AND LIFE ASSURANCE SCHEME**

By:
Name:
Title:

By:
Name:
Title:

The Assignor

Executed as a Deed by)

ABBEY LIFE ASSURANCE COMPANY)

LIMITED acting by:)

.....
Signature of Director

.....
Name of Director

.....
Signature of Director / Secretary

.....
Name of Director / Secretary

The Assignee

Executed as a Deed by)

SERCO PENSION TRUSTEE LIMITED)

as trustee of the **SERCO PENSION**)

AND LIFE ASSURANCE SCHEME)

acting by:)


Signature of Director

COY LEACH
.....
Name of Director

.....
Signature of Director / Secretary

.....
Name of Director / Secretary

The Assignor

Executed as a Deed by)

ABBAY LIFE ASSURANCE COMPANY)

LIMITED acting by:)

.....
Signature of Director

.....
Name of Director

.....
Signature of Director / Secretary

.....
Name of Director / Secretary

The Assignee

Executed as a Deed by)

SERCO PENSION TRUSTEE LIMITED)

as trustee of the **SERCO PENSION**)

AND LIFE ASSURANCE SCHEME)

acting by:)

.....
Signature of Director

.....
Name of Director

.....
Signature of Director / Secretary

.....
Name of Director / Secretary

GRAHAM BALDOCK