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# Brexit and the Insurance Industry Where are we now?

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## Brexit and the Insurance Industry

- The Political Position
- The Constitutional Position
- The implications of a Hard Brexit
  - EU/EEA Insurers
  - UK Insurers
  - Foreign Insurers
  - Brokers and MGAs
  - ILS



## The Political Position

- The Referendum
- Conservatives
- UKIP
- Lib Dems
- Labour
- Hard Brexit
  - Negotiate extraction
  - Negotiate Trade Deal
  - Transitional arrangements



## The Constitutional Position

- Article 50(2)
- Legal Challenge
- Supreme Court decision
  
- Bill and White Paper
  
- Notice – 9 March 2017
  
- Devolved nations



## The implications of a Hard Brexit

- The financial services sector, including the insurance industry, operates on the basis of a single regulator with passporting
  - Regulated in home domicile
  - Passport into other EU/EEA territories
- Statutory portfolio transfers (Part VII Transfers)
  - Can pass portfolios (entire or partial) from one company to another throughout EU/EEA
- All of this comes to a sudden end on 9 March 2019



## EU Company Passporting into UK

- Options:
  - Keep operating
  - Run off at home
  - Sell/transfer
- “Carrying on business of insurance” is the regulated activity.
- Compulsory classes of insurance
- Run off business must still be regulated
- Solvency II
- Branches v Subsidiaries



## EU/EEA Insurer passporting into UK

- Live options
  - Obtain authorisation for branch
  - Establish authorised subsidiary; transfer portfolio into it
  - Transfer liabilities to live company
- Run off options
  - Collapse Branch
  - Transfer liabilities to run off company
- Regulatory issues





## EU/EEA Insurer passporting into UK

- Gibraltar
  - It's position before Brexit
  - It's future role
  - Challenges



## UK Insurer passporting to EU

- Live options
  - Obtain authorisation for branch
  - Establish authorised subsidiary; transfer portfolio into it
  - Transfer liabilities to live company
- Run off options
  - Collapse Branch
  - Transfer liabilities to run off company
- Regulatory issues

## UK Insurers Passporting into EU

- Lloyd's
- Major Groups
- SMEs
- Start ups
  
- Choice of Jurisdiction
  - Dublin
  - Malta
  - Luxembourg
  - Liechtenstein
  - Others



## Non EU/EEA/UK Insurers

- Location of EU/EEA hub
- London Market business
- Establishing new subsidiaries
- Choice of Jurisdiction



## Brokers and MGAs

- Passporting applies.
- New subsidiaries
- Non EU holding companies
  - Bermuda
  - Switzerland



## Insurance Linked Securities (ILS)

- London as an ILS hub
- Challenges faced
- Budget Speech and Draft Regulations
- Tax treatment
- Obstacles.



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