

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

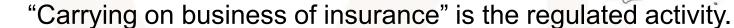


The implications of a Hard Brexit

- 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 Passported into UK

- Options:
 - Keep operating
 - Run off at home
 - Sell/transfer



- 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



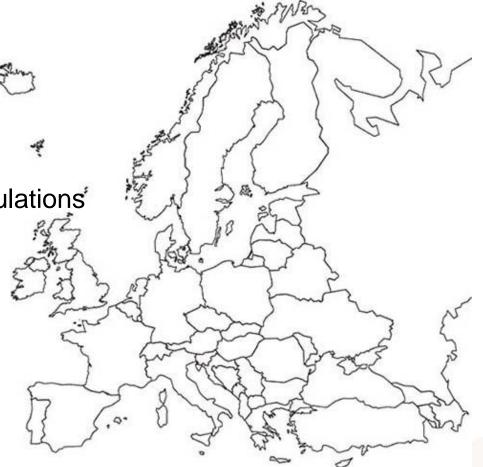
Brokers and MGAs

- 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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