

# Brexit

## Frequently Asked Questions



# Introduction

We have prepared the following Frequently Asked Questions, to help you understand the impact and implications of Brexit. For any further questions, please get in touch with your usual MS Amlin contact, or email us with your query at [Brexit.project@msamlin.com](mailto:Brexit.project@msamlin.com)

CATEGORY	QUESTION	ANSWER
<b>Risk Placement</b>	What is changing?	The United Kingdom voted to leave the European Union in June 2016, and on 29 March 2017, submitted a notification of its intention to withdraw from the Union pursuant to Article 50. This means that, the United Kingdom will no longer be a member of the European Union from 30 March 2019.
	I am a broker or coverholder with EEA business, are my contracts affected?	Yes, most insurance services with EEA exposure are affected.
	Why are they affected?	As a result of the UK's exit from the European Union, the United Kingdom will no longer have EEA passporting rights which granted the ability to solicit, intermediate and write EEA insurance business.
	How are my contracts affected?	MS Amlin, as a UK based entity, will lose its ability to: <ul style="list-style-type: none"> <li>a. Solicit business directly from EEA policy holders or coverholders without first going through a licensed EEA retail broker.</li> <li>b. Intermediate on behalf of EEA coverholders and Lloyd's.</li> <li>c. Write EEA business directly either in Lloyd's through its syndicate 2001, or via its insurance entity Amlin Insurance.SE (AISE), utilising company paper, even if the business was introduced by a licensed EEA broker.</li> </ul>
	What actions have been taken to mitigate against these changes?	For business written through syndicate 2001, Lloyd's has established a subsidiary in Brussels (Lloyd's Brussels - LBS). LBS will have authorisation to write EEA UK & Monaco contracts.  For business written through AISE, MS Amlin is redomiciling AISE to Brussels and will rename it MS AISE. The new domicile grants MS AISE licensing and passporting rights within the EEA, enabling underwriters to write insurance contracts directly through MS AISE in Belgium.



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<b>Risk Placement</b>	How will binding contracts through LBS be different from the current syndicate process?	For risks bound through LBS, here are the main differences:	
	<b>LBS</b>	<b>Syndicate</b>	
	LBS will be the insurer, with the Managing Agent acting as an outsourced agent, underwriting and handling claims on behalf of LBS.	The syndicate is the insurer, with risks underwritten directly by Lloyd's underwriters or through Service Companies and Coverholders.	
	Third Party Administrators (TPAs), Brokers and Coverholders will sign need to sign an agreement with LBS.	Existing agreements with TPAs, Brokers and Coverholders remain in place.	
	All risks insured by LBS are reinsured back to the syndicate, minus a reinsurance commission.	All risks sit with the syndicate, with no added costs.	
	LBS will only have authorisation to write EEA risks, and will also be able to write UK risks through the UK branch of LBS.	Syndicate will continue to be able to write UK and Rest of World (RoW) risks. Syndicate will no longer be able to write EEA risks directly.	
	Coverholders are required to produce V5.1 bordereaux and submit to DASATS.	Coverholders can continue to submit existing bordereaux template into Managing Agents as they currently do for non-EEA business.	
	All endorsements on LBS contracts will need to be forwarded to LBS through a yet to be determined method.	Syndicates do not need to forward endorsements to Lloyds. They can continue to manage endorsements as they currently do.	
How will binding contracts through MS AISE in Belgium be different from the current AISE UK process?	No significant changes are expected and we will notify you if this changes.		

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Risk Placement	How is risk location determined. Is this by Insured domicile, risk location or coverholder location?	<p>For open market business, the location of the risk (e.g. property or ship) determines whether a contract is affected by Brexit. For business facilitated through our coverholders, both the risk and coverholder location are affected by Brexit. The table below provides a quick overview of how risks are affected depending on the risk and / or coverholder location.</p> <table border="1"> <thead> <tr> <th colspan="5">Risk Location</th> </tr> <tr> <th rowspan="5">Coverholder / Open Market Location</th> <th></th> <th>UK</th> <th>EEA / EU</th> <th>Worldwide (Ex. UK &amp; EEA)</th> </tr> </thead> <tbody> <tr> <td>UK / Lloyd's</td> <td>No Change</td> <td>Affected</td> <td>No Change</td> </tr> <tr> <td>EU / EEA (Ex. Netherlands, Cyprus &amp; Norway)</td> <td>Affected</td> <td>Affected</td> <td>Affected</td> </tr> <tr> <td>Worldwide (Ex. UK &amp; EEA)</td> <td>No Change</td> <td>Affected</td> <td>No Change</td> </tr> <tr> <td>Netherlands, Cyprus &amp; Norway</td> <td>No Change</td> <td>Affected</td> <td>No Change</td> </tr> </tbody> </table>	Risk Location					Coverholder / Open Market Location		UK	EEA / EU	Worldwide (Ex. UK & EEA)	UK / Lloyd's	No Change	Affected	No Change	EU / EEA (Ex. Netherlands, Cyprus & Norway)	Affected	Affected	Affected	Worldwide (Ex. UK & EEA)	No Change	Affected	No Change	Netherlands, Cyprus & Norway	No Change	Affected	No Change
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What if a risk has both UK and EEA exposure?	<p>We have two options:</p> <ol style="list-style-type: none"> <li>The EEA element can be split off and bound through LBS with dual stamps, either on the one slip with separate sections, or on separate slips</li> <li>All the risks can be bound through LBS, as they will be able to write both UK and EEA risks</li> </ol>																											
What happens if there is Rest of World exposure?	<ol style="list-style-type: none"> <li>For Lloyd's, the line will need to be split, so that UK and RoW are bound on syndicate stamp, while EEA exposures are bound through LBS</li> <li>For MS AISE, all of the risks should potentially be bound through MS AISE on the same binder</li> </ol>																											
Is Switzerland considered part of EU / EEA or Rest of World when determining risk location?	<p>From a Lloyd's perspective, Switzerland is not considered part of the EU or EEA. Lloyd's has separate licenses to bind Swiss risks. However, Swiss coverholders can write EEA Risks as long as the risk and the insured are located within the EEA.</p>																											
Coverholders	What is the difference between a Coverholder Appointment Agreement (CAA) for LBS and a Binding Authority agreement for Lloyd's?	<p>The CAA gives the coverholder authority to bind risks on behalf of Lloyd's Brussels, while the BAA confers a binding authority to the coverholder on behalf of the syndicate. The main difference is that Lloyd's Brussels will be the insurer for EEA risks, and the coverholders will be binding risks for Lloyd's Brussels.</p>																										

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<b>Coverholders</b>	Can EEA/EU coverholders bind UK risk?	Yes, through the UK branch of LBS or UK branch of AISE.
<b>Underwriter Responsibilities</b>	Are underwriters responsible for checking that brokers are licensed to intermediate EEA risks?	No. The broker is responsible for checking that they have the appropriate license required to intermediate EU / EEA risks. However, Underwriters, as part of their due diligence, can also check to ensure the risk is being introduced properly.
	Who is responsible for checking that the correct security is written to the slip?	It is the Underwriter's responsibility to make sure that the correct security is written on the slip, and brokers also have a responsibility to ensure that the correct security is placed on signing pages before cover noting to the client. Wordings technicians may review wording prior to the Underwriter placing their stamp on the slip, subject to Underwriter's discretion.
<b>Underwriting Systems</b>	I am a coverholder, do I need to generate bordereaux.	Coverholders would need to generate V5.1 compliant Risk, Premium and Claims bordereaux that is submitted into DASATS.
	Who can submit bordereaux into DASATS?	Coverholders, brokers and Managing Agents can all submit bordereaux into DASATS.
	Who is responsible for submitting bordereaux into DASATS? The broker, coverholder or MS Amlin	MS Amlin has opted to process and submit bordereaux into DASATS for the first year of LBS. This means that brokers and coverholders will continue to send bordereaux to MS Amlin, who will then process into DASATS. This is in order to ensure consistency in data uploaded and the quality of bordereaux being uploaded. This may change in the future, so should not be assumed to be a long term solution.
<b>Redomiciling AISE to Belgium</b>	Why did MS Amlin choose to move AISE to Belgium?	MS Amlin needed to ensure continuity for its customer's post-Brexit. It was decided that moving the head office of AISE to Belgium was the best option as we already have a strong operating presence in Brussels.
	Will the company name remain the same?	We are taking the opportunity to change the name to MS AISE to align with the rest of the MS Amlin company.
	Will there still be a UK presence?	While it is just the headquarters of the company that are moving to Belgium, there will still be a UK presence as we will set up a UK branch of MS AISE.
	Will there be any change in the rating of the company?	We expect the financial rating of the company to be unaffected by the changes, currently an S&P A rating.
	When will the change of country take place?	The aim is to be ready to write new business and renew existing business from 01/01/2019.
	Who will the business be regulated by?	The main business will no longer be regulated by the PRA and FCA and will now be regulated by the National Bank of Belgium and the Belgian Financial Services and Markets Authority. The only exception is that the new UK branch will be regulated by the PRA and FCA.



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