

Brexit & MS Amlin: Creating opportunities from uncertainty

We recognise that Brexit creates a number of issues and uncertainties; I also believe it presents us all with opportunities, and with less than a year to go before we formally leave the European Union (EU), I am updating you on some of our plans.

Despite the fact we do not know the detail of the terms of a Brexit deal; we are developing solutions that will ensure we are compliant during the 'transition phase' until 31st December 2020 and beyond, and that we offer something valuable, relevant and engaging for you and your clients.

What have we done so far?

As you may be aware, our insurance operations trade through two legal entities; Amlin Insurance S.E.(AISE), supporting our retail activities in the UK and Europe and MS Amlin Underwriting Limited (MS AUL), supporting our wholesale presence at Lloyd's, both in London and overseas.

AISE

We are re-domiciling AISE from the UK to Belgium, with branches in the Netherlands, France, Germany and the UK. We expect this process to be complete later this year. We recently published a Q&A about this move, this can be accessed below.

AISE will be regulated by the National Bank of Belgium and the Belgian Financial Services and Markets Authority to ensure we have a legally domiciled and regulatory compliant presence within the EU after Brexit.

This means we will be able to offer continuity of cover for you and your clients, as well as the ability to provide flexible solutions and alternatives to place new business and renew existing business. This flexibility includes the use of AISE company paper or through the new Lloyd's Insurance Company (LIC), in Brussels.

MS AUL

As you may know, Lloyd's recently published its 'Brexit Tool kit', providing details on how risks will be traded via LIC, and we are currently reviewing this in detail to consider the implications for our clients and ourselves. Once we are in a position to give you greater detail, we will do so.

How will things work in practice?

The re-domiciling of AISE, means we will continue to service brokers and clients through our European, UK and London office network. We remain 'open for business' in all our markets.

Going forward, MS Amlin is prepared to use the LMA5284, EU Contract Continuity Clause, on contracts with EU exposures in order to ensure affected contracts will continue unless we are no longer able to perform any part of such contracts as a result of law or regulation. See below to view the clause. In the unlikely event that, from 29 March 2019, transitional arrangements are not in place for insurance, we will seek to find a solution for each affected policy, in accordance with each client's specific instructions and agreement on a case by case basis.

We are committed to delivering innovative solutions, giving our brokers and clients greater choice. For example, for our Marine & Aviation clients, we already have a solution that allows brokers to place business with us in a number of ways, namely through AISE or Syndicate 2001, via our MGA MS Amlin Marine NV.

In conclusion, Brexit does present us all with challenges, but our plans present you and your clients with options and alternatives that will allow us all to maximise the opportunities. Brexit is the next stage in the development of our international trading environment.

We will continue to communicate our plans and progress at the earliest opportunity; however, if you have any questions or wish to discuss imminent renewals, please do not hesitate to get in touch with your usual MS Amlin contact.

I look forward to confirming more details soon.

Yours sincerely

Simon Beale

Chief Executive

Redomiciling of Amlin Insurance.SE

Questions & Answers

	Question	Answer
1	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 it provided the most suitable match to our requirements and we already have a strong operating presence in Brussels.
2	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.
3	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.
4	Will there be changes to the company management?	To meet Belgian supervisory requirements, the Board structure of the company will change from a one-tier into a two-tier Board. There are no further changes planned to the management of the company as a result of re-domiciling to Belgium.
5	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 a S&P A rating.
6	Will staff be moving to Brussels?	We expect to have the same organisational structure as we do today, with the same people performing the same jobs from the same offices. However, senior management is expected to be more frequently in Brussels due to its HQ function.
7	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. This means we need to have everything ready for when the renewal process commences in Oct 2018 for January 2019 renewals. We plan to complete necessary system changes well ahead of time to ensure we are ready for the change.
8	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.
9	Will there be changes to what risks can be written in which countries?	There will be no change to where risks can be written. MS AISE will continue to operate from the UK, France, Germany, Netherlands and Belgium with freedom of services across other European countries.
10	What does it mean for brokers, clients and coverholders? Will they need new binders?	Clients, Brokers and Coverholders will need to change their systems to amend the company name, though this is not expected to be a major change. Existing agreements will transfer to the Belgium based company, whilst amendments can be addressed at the next renewal of each binder.
11	Will there be changes required to documents?	Yes, we will need to change any document that quotes the company name, the company address or the regulator as all three of these will be changing.
12	Will the changes be made for everyone at the same time?	While the company name will change to MS AISE from 01/01/2019, the approach will be to amend customer documents at their next renewal.

EU CONTRACT CONTINUITY CLAUSE

- 1) Subject to paragraph 2) (below), the occurrence of an event associated with membership of the European Union or economic or monetary union in the European Union shall not have the effect of:
 - i) terminating; or
 - ii) altering or invalidating any term of or discharging or excusing performance under; or
 - iii) giving any party a unilateral right to alter or terminate, this Contract.
- 2) If, as a consequence of an event associated with membership of the European Union or economic or monetary union in the European Union, any participating (Re)Insurer is no longer permitted by applicable law or regulation to perform any part of this Contract:
 - i) where possible, any terms of this Contract which conflict with applicable laws or regulations are amended to conform to the minimum requirements of such laws or regulations, failing which;
 - ii) such part *[which the (Re)Insurer is unable to perform]* shall be automatically terminated between that (Re)Insurer and the (Re)Insured with effect from the date that the (Re)Insurer is no longer permitted to perform this Contract. Within fourteen (14) days of such termination the relevant (Re)Insurer shall return any paid but unearned premium, which shall be calculated as expressly provided in the relevant cancellation or termination provisions of this Contract or, if there are no such cancellation or termination provisions, on a pro-rata basis for the time on risk. Unless otherwise provided, if any claim has been notified under this Contract at or prior to the time and date of termination, the premium shall be deemed to be fully earned and no return premium shall be due.
- 3) For the purposes of this clause, an “event associated with membership of the European Union or economic or monetary union in the European Union” includes, without limitation, each (and any combination) of the following events:
 - i) the withdrawal from the European Union by any one or more members of the European Union (Member States); or
 - ii) the withdrawal from legal tender of the Euro; or
 - iii) the withdrawal from the Euro by one or more Member State(s); or
 - iv) the replacement of the Euro by any alternative single or unified currency by two or more Member States (whether or not they remain members of the European Union) or the introduction of a new currency by a Member State (whether or not it remains a member of the European Union).