

Lloyd's Brexit Transfer
Notification Instructions to Market Participants

Publication of supporting information for
Policyholders

May 2020

Dear Lloyd's Market Participant,

These Notification Instructions are being sent to all managing agents, brokers, coverholders and third party administrators operating in, or on behalf of, the Lloyd's market.

The following information relates to the policyholder notification activity for the Lloyd's Brexit Transfer ("Part VII"). The actions you need to take now are shown in ***bold italics***

Background to the transfer

Certain United Kingdom (UK) insurers that are Lloyd's Members, currently enjoy EEA 'passporting' rights to enable policies to be serviced within Europe without the need for further authorisation.

As a consequence of the UK's exit from the European Union ('Brexit') on 31 January 2020, current EEA passporting are expected to cease at the end of the transition period on 31 December 2020. Lloyd's is therefore proposing, on behalf of the Members, to transfer certain policies from the Members to Lloyd's Brussels (the "proposed transfer"). Lloyd's Brussels is a regulated insurance company wholly-owned by Lloyd's and is incorporated in Belgium.

The policies that transfer will be those where all or part of the risk underwritten at Lloyd's is located in an EEA state or where the policyholder is resident in the EEA, such that the policy could not be compliantly serviced post Brexit from the UK. If the proposed transfer does not happen, there can be no certainty that it would be possible to pay claims of this type. Where a policy contains both EEA and non-EEA risks, it is only the EEA part of the risk that transfers.

EEA policies that are subject to the licensing regime in Canada, Australia, Hong Kong Singapore, South Africa and Switzerland will not, however, transfer.

For the full definition of the transferring policies, please see the Scheme document which will be published on the Part VII website, [Lloyds.com/brexittransfer](https://lloyds.com/brexittransfer), from 15 June 2020.

Lloyd's Brussels and the members of each syndicate will also enter into a quota share reinsurance arrangement under which the economic liability of each syndicate's transferring policies will, from the effective date of the proposed transfer, be fully reinsured back to the members of that syndicate (the "Lloyd's Brussels Reinsurance Contract").

Outwards reinsurance arrangements relating to transferring policies will not transfer but instead sanction will be sought from the Court for them to be converted to retrocession contracts attaching on top of the Lloyd's Brussels Reinsurance Contract.

The proposed transfer is to be implemented by a court sanctioned insurance business transfer scheme under Part VII of the Financial Services and Markets Act 2000 ("FSMA 2000").

Notification to Policyholders

Part VII of FSMA 2000 places a number of procedural requirements on Lloyd's as the applicant of the transfer including the requirement to send a notice of the proposed transfer to policyholders.

Lloyd's has proposed to the UK regulators and to the High Court, a communication approach appropriate to policyholders that will utilise a number of channels, specifically web-based information, press advertising and where possible, direct mail notification.

From 15 June 2020 policyholders will be notified about the proposed transfer, by post, email, through newspaper notices and through information published on [Lloyds.com/brexittransfer](https://lloyds.com/brexittransfer).

A copy of the draft notification to be sent to policyholders is attached and will be published at [Lloyds.com/brexittransfer](https://lloyds.com/brexittransfer) from 15 June 2020. The letter and certain other key documents will be available on the website in all the official languages of the EEA.

Managing Agents and Brokers have been requested to source the policyholder contact information and where they are able to identify transferring policies and supply policyholder contact details, Lloyd's will send the notification to those policyholders.

From 15 June 2020 the Policyholder Notification Letters will be published at [Lloyds.com/brexittransfer](https://lloyds.com/brexittransfer).

Please send the notification letter (versions in English and all other EEA languages will be available from 15 June at [Lloyds.com/brexittransfer](https://lloyds.com/brexittransfer)) to any of your policyholders who you believe should receive it.

It is important that policyholders, including new claimants, are aware of the proposed transfer and to consider whether they believe will be adversely affected by it and to object to it should they so wish. Any interaction with a policyholder gives the opportunity to mention the proposed transfer and to either offer to send the letter or refer policyholders to the website.

Website

- The Lloyd's Part VII microsite, lloyds.com/brexittransfer, will contain all the information and documentation relating to the transfer and will go live from 15 June 2020.
- Market participants are requested to support the signposting of the Lloyd's website by publishing information prominently on their own website.

Please publish the following text prominently on your customer facing websites from 15 June 2020 until 31 October 2020:

Lloyd's is proposing to transfer certain EEA insurance policies to Lloyd's Brussels. The proposed transfer will not change terms and conditions of any policy, except that Lloyd's Brussels will become the insurer and Data Controller in respect of the transferred policies.

Further information about the proposal (including whether it could affect your pre-transfer position), which policies are transferring, your rights and what you need to do can be found at [**lloyds.com/brexittransfer**](https://lloyds.com/brexittransfer).

Publication of Legal Notice

Lloyd's will be publishing notice of the proposed transfer in newspapers in the UK and across the EEA between June and August. A copy of the Legal Notice will also be published at lloyds.com/brexittransfer from 15 June 2020 in all the official languages of the EEA.

Policyholder Enquiries

Policyholders need to consider whether they believe will be adversely affected by the proposed transfer and they have a right to attend the High Court hearing and object to the proposed transfer, either in person or by representative.

Lloyd's expects that the notification exercise will stimulate enquiries from policyholders and is establishing a centralised response management centre, to provide further information to policyholders. The centralised response management centre can be contacted by telephone, post or email and the contact details will appear on all notifications.

Where the Lloyd's response management centre receives an enquiry relating to a policy or claim and unrelated to the proposed transfer, they will need to hand off the enquiry to the policyholder's usual market representative. Therefore, we request that:

Before the end of May 2020, please email notificationcontrol@lloydsbrexittransfer.com with a contact number and name for all policyholder enquiries unrelated to the transfer for your organisation.

During the notification phase, where you receive enquiries from policyholders or a policyholder wishes to pass a concern or comment to you that relates to the proposed transfer, please direct the policyholder and/or the query to Lloyd's via the methods of communication detailed at [Lloyds.com/brexittransfer](https://lloyds.com/brexittransfer) from 15 June.

Lloyd's representatives will be able to directly answer enquiries in English, Dutch, French, German, Italian and Spanish. For policyholders who wish to communicate in any other language, queries will have to be made in writing (via email or post) for answers to be provided in the same language.

Should you have any queries about these instructions, please contact notificationcontrol@lloydsbrexittransfer.com.

Thank you for your support.

Lloyd's

One Lime Street, London EC3M 7HA