

1 July 2020

**Reference: QBEBM**

Dear Sir/Madam

**Proposed transfer of the European freedom of services business (and other ancillary business) written by QBE UK Limited from its UK head office to QBE Europe SA/NV**

**Background**

After the UK electorate voted in favour of leaving the European Union (**Brexit**), QBE European Operations Plc (**QBE EO**), the parent company of the European division of the QBE group, took the decision to restructure its operations in order to ensure continued access to the European single market for its policyholders. In 2018, as a consequence of this decision: (a) QBE Europe SA/NV (**QBE Europe**) was incorporated (and received its (re)insurance licence) in Belgium; (b) QBE UK Limited (**QBE UK**) transferred its European branch business to QBE Europe; and (c) QBE Re Limited transferred the entirety of its business to QBE Europe (and subsequently merged with QBE Europe).

When QBE EO took the decision referred to above the final outcome of Brexit, and the implications for UK-based insurance undertakings carrying on business in the European Economic Area (**EEA**), was unclear and it was expected that arrangements would be put in place which would allow QBE UK to run-off the European business it had previously underwritten on a freedom of services basis itself.

However, there is now a risk that, if the UK leaves the European Union without a trade deal on 31 December 2020 following the expiration of the implementation period as provided for in the legislation effecting Brexit, the European Union (Withdrawal Agreement) Act 2020, it will not be possible for UK-based insurance undertakings to provide insurance-related cross border services from the UK into the EEA beyond any separately negotiated jurisdiction-specific additional transitional periods.

Accordingly, QBE UK has now taken the decision to transfer to QBE Europe all of the general insurance and reinsurance policies written on a freedom of services basis throughout the EEA from QBE UK's head office in the UK between 1 January 1970 and 31 December 2018, which:

- relate solely to a risk (or risks) situated in an EEA member state;
- relate to a risk (or risks) situated in an EEA member state and the UK; or
- relate to a risk (or risks) situated in an EEA member state and another jurisdiction (other than the UK),

**(the Transferring Business),**

so that such business can be properly serviced by QBE Europe regardless of the existence, or the terms, of any trade deal agreed between the UK and the European Union.

We are writing to you because we believe that you have placed British Marine business with QBE UK that is comprised within the Transferring Business. You will, therefore, have clients whose policy (or policies) will be transferred from QBE UK to QBE Europe pursuant to the transfer.

**Information about the proposed transfer**

The proposed transfer will result in all of the Transferring Business (including the relevant British Marine business), together with the assets and liabilities comprised in the Transferring Business, automatically transferring to QBE Europe and will be effected by means of an insurance business transfer scheme under Part VII of the Financial Services and Markets Act 2000 (**FSMA**).

The proposed transfer will require the approval of the High Court of Justice of England and Wales (the **Court**). An application has already been presented to the Court for approval of the transfer, and this application is due to be heard on 21 October 2020. As required by FSMA, an independent expert (the **Independent Expert**) approved by the UK regulator for prudential matters, the Prudential Regulation Authority, has been appointed to prepare a report on the transfer and its effect on policyholders and their security. The terms of the transfer and the report of the Independent Expert are set out in a summary (the **Summary**) which is enclosed with this letter.

The proposed transfer will have no effect on: (a) the terms and conditions of a policyholder's cover; (b) the amount of premium payable in respect of a policy; (c) the duration of a policy; or (d) any claim which has been (or may be made) under a policy. In addition, QBE Europe will administer the Transferring Business in line with the QBE group's current systems, policies and procedures and in the same manner as QBE UK. This means that policyholders should not experience any change in respect of their interactions with us on a day-to-day basis.

### **The communication pack**

We enclose with this letter the following documents (the Communication Pack) which provide more information and background in relation to the transfer and the Transferring Business:

- A copy of the letter to be sent to policyholders who hold a policy comprised within the Transferring Business (the Transferring Policyholders).
- The Summary (referred to above).
- "Questions and Answers" about the transfer.
- A copy of a legal notice setting out details of the Court hearing to consider the proposed transfer.

### **The notification process**

We are now writing to all Transferring Policyholders who we believe can still make a claim under a policy that is transferring from QBE UK to QBE Europe pursuant to the transfer to give them information about the transfer and allow them reasonable time to consider whether they or any other interested parties of which they are aware are adversely affected by the transfer (if so, they will be informed that they can make representations to the Court and be provided with details of how they can do so). **It is a legal requirement for us to provide this information (unless the Court has consented otherwise).**

We enclose a list of the Transferring Policyholders for whom you have placed Transferring Business (and their corresponding policy number). For each listed Transferring Policyholder we would be grateful if you could:

- Collate the data required to notify them of the proposed transfer in the manner in which you customarily communicate with such Transferring Policyholder (e.g. details of such Transferring Policyholder's email address if you customarily contact them by email or postal address if you customarily contact them by post) (the Policyholder Information); and
- Send such Transferring Policyholder a Communication Pack on the basis of the Policyholder Information.

If your records indicate that a Transferring Policyholder: (a) has gone into liquidation; or (b) is subject to a power of attorney, please send the Communication Pack to such Transferring Policyholder's liquidator or (or as the case may be) attorney. If you do not have these details, the Communication Pack should be sent to the Transferring Policyholder in question.

When contacting Transferring Policyholders directly, we intend to follow the process below:

- Where our records include a postal address for a Transferring Policyholder and their customary means of communication is post, we will send the Communication Pack to such Transferring Policyholder by post.
- Where a Communication Pack is sent to a Transferring Policyholder by post and we receive a "return to sender", we will:
  - a) check our records to verify whether the Transferring Policyholder in question has received the Communication Pack by another means (for example, if two postal addresses were provided in respect of a Transferring Policyholder and the Communication Pack has successfully been delivered to one of them);

- b) where the Transferring Policyholder in question has not received the Communication Pack by another means, we will review the postal address of the Transferring Policyholder in question to check that there are no obvious errors in the address that have prevented the Communication Pack being delivered; and
- c) where no such errors are identified or the Communication Pack is resent and a further “return to sender” is received, we will send the Transferring Policyholder in question a Communication Pack by email.
- Where our records include an email address for a Transferring Policyholder and their customary means of communication is: (a) email; or (b) post but we do not have a postal address for the Transferring Policyholder in question or, having followed the process set out above, we have been unable to contact them, we will send the Communication Pack to such Transferring Policyholder by email.
- Where a Communication Pack is sent to a Transferring Policyholder by email and we receive a “bounce-back / delivery failure notification”, we will:
  - a) check our records to verify whether the Transferring Policyholder in question has received the Communication Pack by another means; and
  - b) where the Transferring Policyholder in question has not received the Communication Pack by another means, we will review the email address of the Transferring Policyholder in question to check that there are no obvious errors in the address that have prevented the email being delivered (and, in the event that we identify obvious errors, re-send the Communication Pack to the Transferring Policyholder in question with the errors corrected).

We would be grateful if you could also follow the above process and write to us on or before 24 July 2020 to confirm whether you have successfully sent a Communication Pack to each listed Transferring Policyholder. To the extent that you have been unable to contact each listed Transferring Policyholder, please also provide the names of those Transferring Policyholders you have been unable to contact (and we will then take steps to contact them ourselves, whether by engaging a third party tracing agent or otherwise). We also enclose a tracking schedule and would request that you provide us with regular updates in respect of your progress in contacting the relevant Transferring Policyholders.

If you have any queries or if you require further copies of any of the enclosed documents or a copy of the report of the Independent Expert or the document effecting the transfer, please:

- call our dedicated helpline on +44 (0)20 3465 3330;
- write to us at 30 Fenchurch Street, London EC3M 3BD; or
- email us at [brexit.queries@uk.qbe.com](mailto:brexit.queries@uk.qbe.com).

Save in respect of the above, you are not required to take any steps in relation to the transfer. However, if you believe you may be adversely affected by the transfer, you are entitled to attend in person or by legal counsel at the hearing of the application to sanction the transfer and/or make written representations to the Court. Those who are intending to do this are kindly requested to give written notice of their intention and details of their objections. This notice should be sent to us at 30 Fenchurch Street, London EC3M 3BD as soon as possible and preferably by no later than 14 October 2020. We would encourage those with any concerns to discuss these with us as soon as possible.

Yours sincerely,



For and on behalf of  
**QBE UK Limited**



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**QBE Europe SA/NV**