

Transferring to QBE Europe SA/NV

Your questions about the transfer of policies answered



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Your Questions Answered

Section 1 General overview

1.1 What are the proposed changes?

QBE UK Limited (**QBE UK**) proposes to transfer to QBE Europe SA/NV (**QBE Europe**) all of the general insurance and reinsurance policies written on a freedom of services basis throughout the European Economic Area (**EEA**) from QBE UK's head office in the United Kingdom (**UK**) between 1 January 1970 and 31 December 2018 (including certain general insurance policies which were previously proposed to be transferred by QBE UK to East West Insurance Company Limited, referred to herein as the Project Fall Business), which:

(a) relate solely to a risk (or risks) situated in an EEA member state;

(b) relate to a risk (or risks) situated in an EEA member state and the UK; or

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

(the **Transfer**).

The Transfer will be undertaken in accordance with Part VII of the Financial Services and Markets Act 2000 (**FSMA**) and is effected by means of a **Scheme**.

1.2 When will the Transfer happen?

If approved by the High Court of Justice of England and Wales (the Court), the Transfer is scheduled to take effect on the **Effective Date**. It is expected that this will be 00:01 (Greenwich Mean Time) on 1 November 2020.

Any change to the Effective Date will be announced on the QBE website (at <https://qbееurope.com/>).

1.3 Which policies are transferring?

All of the policies described in paragraph 1.1 above.

1.4 Why is QBE UK doing this?

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 was incorporated (and received its (re)insurance licence) in Belgium; (b) 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 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 the business described in paragraph 1.1 above to QBE Europe 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.

1.5 What if a trade deal is agreed between the UK and the European Union allowing QBE UK to service the business that is intended to transfer?

The present intention of QBE UK and QBE Europe is to proceed with the Transfer irrespective of the existence, or the terms, of any trade deal agreed between the UK and the European Union.

1.6 Will the Transfer be impacted by the Coronavirus (Covid-19)?

The Transfer was not undertaken in response to (and no issues in respect of the Transfer are currently foreseen as a result of) the Coronavirus (Covid-19). To the extent that the Coronavirus (Covid-19) does have any impact meaning, for example, the Court hearing to approve the Transfer is delayed or there are measures in place which mean that interested parties will be unable to attend the Court hearing in person, QBE UK and QBE Europe will update the QBE website (<https://qbeurope.com/>) to advise interested parties of the revised arrangements. You can also contact us by telephone (+44 (0)20 3465 3330) or email (brexit.queries@uk.qbe.com) at any time prior to the Court hearing if you require an update.

Section 2 More about QBE Europe

2.1 Who is QBE Europe?

QBE Europe is a Belgian (re)insurance company established on 12 February 2018 as the QBE's group's new European hub. QBE Europe:

(a) is authorised by the National Bank of Belgium (Banque Nationale de Belgique/Nationale Bank van België) (NBB) and regulated by the Belgian Financial Services and Markets Authority (Autoriteit voor Financiële Diensten en Markten/Autorité des Services et Marchés Financiers) and the NBB;

(b) has branches in Bermuda, Denmark, France, Germany, Ireland, Italy, Spain, Sweden and the UK;

(c) is authorised to write (re)insurance business across the EEA on a freedom of services basis.

QBE Europe is part of the same corporate group as QBE UK. Both companies are indirect wholly-owned subsidiaries of QBE Insurance Group Limited, a company incorporated in Australia and listed on the Australian Securities Exchange, which owns a number of licensed (re)insurance companies writing a wide variety of (re)insurance business in a number of territories (the QBE Group).

As a member of the QBE Group, QBE Europe has the same capital appetite framework as QBE UK.

2.2 How will QBE Europe administer my policy?

QBE Europe will administer the transferring policies in line with the QBE Group's current systems, policies and procedures for its European operations and in the same way as the administration is currently undertaken by QBE UK.

In particular, there will be continuity in terms of who is responsible for administering the transferring policies. This is because:

(a) in respect of the Project Fall Business, Armour Risk Management Limited will continue to be responsible for the administration of the transferring policies in the UK following the Effective Date; and

(b) in respect of the remainder of the business to be transferred pursuant to the Transfer, the personnel who are currently responsible for the transferring policies are parties to a joint employment contract with QBE Europe and QBE Management Services (UK) Limited (which seconds such personnel to QBE UK). Following the Effective Date, those personnel who are currently responsible for the day-to-day administration of the transferring policies in the UK will continue to administer such policies on behalf of QBE Europe (rather than QBE UK) in the manner they do currently.

Section 3 More about the process

3.1 What is the Transfer?

The Transfer is a process that enables groups of (re)insurance policies to be moved between two (re)insurers. The (re)insurers involved can either be in the same (re)insurance group (as in this instance) or from different corporate groups. The laws governing the Transfer are predominantly contained in Part VII of FSMA.

In accordance with Part VII of FSMA, an application must be approved by the Court before the Transfer can go ahead. The applicable regulations require QBE UK and QBE Europe to appoint an independent expert (the **Independent Expert**), approved by the Prudential Regulation Authority (**PRA**) in consultation with the Financial Conduct Authority (**FCA**), who is required to look at the impact of the proposed Transfer on the various affected policyholders and to submit a report to the Court. Policyholders must be notified of, and given time to consider, the proposals (and they have a right to object or raise concerns if they feel they would be adversely affected).

3.2 Where and when will the Court hearing take place?

The Court hearing will take place at the High Court of Justice, 7 Rolls Building, Fetter Lane, London, EC4A 1NL, UK on 21 October 2020. You will be able to check on the QBE website (<https://qbееurope.com/>), call +44 (0)20 3465 3330 or email brexіt.querіes@uk.qbe.com after this date for information about the outcome of the hearing.

3.3 What will happen at the Court hearing?

The Court will consider whether the Transfer adversely affects policyholders and whether it is appropriate to allow the Transfer to go ahead.

The judge will review the witness statements and evidence presented by QBE UK and QBE Europe, and consider the reports of the Independent Expert, the PRA and the FCA. Time will be allocated to hear any objections or concerns put forward (whether in writing, by telephone or in person) by affected policyholders or by any other person who believes that they would be adversely affected by the proposals.

The judge must decide whether or not it is appropriate to approve the Transfer, taking all of the evidence into account. If the judge does approve the Transfer, then a Court order is made which means that the Scheme will come into effect at a time specified in the order.

3.4 What can you do if you believe you may be adversely affected?

If you believe you may be adversely affected as a result of the Transfer, then you are entitled to object or raise your concerns either in writing or by telephone in advance, or in person at the Court hearing. You may choose to appoint legal counsel to attend the Court hearing on your behalf. You can send your comments or concerns to us in writing at 30 Fenchurch Street, London EC3M 3BD or brexіt.querіes@uk.qbe.com.

Any objections or concerns relating to the Transfer notified to us by telephone to our helpline on +44 (0)20 3465 3330, or in writing, will be included in the information supplied to the Court.

3.5 What do you mean by 'adversely affected'?

Any types of effect on policyholders may be considered by the Court. This includes changes to the financial security of the companies involved, or changes to the administration of the transferring policies. However, if there are some changes for the worse, this does not necessarily mean that the Transfer is unfair or unreasonable, as they might be outweighed by other benefits, or they might be extremely small, or they may only occur infrequently. The Independent Expert considers the materiality of any adverse changes based on their size and/or likelihood of occurring and provides his conclusions in his report to the Court.

3.6 What will happen if the Court does not approve the Transfer?

If the proposed Transfer is rejected, your policy will remain with QBE UK.

If the Transfer is delayed for any reason then we will inform policyholders of this via the QBE website (<https://qbeeurope.com/>). If there is expected to be a protracted delay, or the Transfer is rejected, we will also write to affected policyholders to let them know.

3.7 Will I be charged extra for any of this?

No, you'll not be asked to bear the costs of the Transfer. QBE UK and QBE Europe will meet the costs and fees of carrying out the Transfer.

Section 4 More about the Independent Expert

4.1 Who is the Independent Expert?

The Independent Expert is Mr Alex Marcuson of Marcuson Consulting Ltd. He is a Fellow of the Institute and Faculty of Actuaries with over twenty years of experience in the industry.

4.2 What is his role?

Mr Marcuson has been appointed to give his opinion on the likely effect of the proposals on policyholders via a report to the Court. His report is impartial and based on thorough scrutiny of the proposals and the businesses of QBE UK and QBE Europe. QBE UK and QBE Europe have provided him with access to key staff and the information he has requested, both private and public.

4.3 How do I know he is independent?

The Independent Expert's appointment has been approved by the PRA, following consultation with the FCA, and independence is one of the criteria that they use to assess his suitability.

Neither Mr Marcuson nor any of his immediate family hold any policies with, shareholdings in or have any other financial interests in QBE UK, QBE Europe or any other company within the QBE group.

Mr Marcuson's overriding duty of responsibility is to the Court, and not QBE UK or QBE Europe. His report must be impartial. We have included a summary of his report with this pack, but you can download a full copy of the report at the QBE website (<https://qbeurope.com/>). If you would like a paper copy sent to you then please contact us by telephone (+44 (0)20 3465 3330) or email (brexithqueries@uk.qbe.com).

Section 5 More about policy administration

5.1 Who do I contact after the Transfer if I have a query on my policy or to make changes?

As noted in paragraph 2.2 above, the administration of your policy will not change as a result of the Transfer and after the Transfer you should continue to contact your normal QBE contact.

5.2 Will there be any changes to the premiums I pay?

No changes will be made to your premium as a result of the Transfer.

5.3 Are there any changes to the terms and conditions of my policy?

The Transfer will not change the terms and conditions of your policy or, if you have a claim, the payments that you receive.

5.4 Are there any other changes I should be aware of as a result of the Transfer?

The Financial Services Compensation Scheme (FSCS)

Currently, in the event of the insolvency of QBE UK, if you meet the relevant eligibility criteria you have recourse to the FSCS to have any claim you bring under your policy paid.

Since QBE UK's business is mainly commercial (re)insurance, the vast majority of policyholders will not meet the eligibility criteria, as the FSCS is aimed at consumers and very small businesses. Nevertheless, a small minority of QBE UK policyholders may meet the eligibility criteria.

If the Scheme is approved, as a policyholder of QBE Europe, any transferring policyholders who did previously meet the eligibility criteria may, in certain circumstances, no longer have recourse to the FSCS in the event of QBE Europe's insolvency.

As a Belgian (re)insurer, QBE Europe is a member of both the Belgian Common Fund of Guarantee (*Fonds Commun de Garantie Belge/Belgisch Gemeenschappelijk Waarborgfonds*) and the Federal Agency for Occupational Risks (*Agence fédérale des risques professionnels/Federaal agentschap voor beroepsrisico's*), which cover motor and occupational risk claims (respectively) in the event of insurer insolvency. These do not, however, provide equivalent protection to the FSCS.

The Financial Ombudsman Service (FOS)

Currently, in the event of a dispute with QBE UK, if you meet the relevant eligibility criteria, you have recourse to the FOS which provides a free, independent service for resolving disputes. The eligibility criteria for this service is similar to that applying to the FSCS and, for this reason, very few policyholders of QBE UK are likely to meet such criteria.

That being said, a small minority of policyholders of QBE UK who are transferring to QBE Europe may meet the eligibility criteria and may lose the right to apply to the FOS in the event of a dispute with QBE Europe (if their complaint relates to an act or omission of QBE Europe which took place outside of the UK).

There is a similar dispute resolution scheme in Belgium, namely the Insurance Ombudsman (*Ombudsman des Assurance/Ombudsman van de Verzekeringen*). However, this organisation can only make non-binding recommendations regarding a complaint and does not, therefore, provide equivalent protection to the FOS. Please note, however, that as QBE Europe intends to continue servicing the transferring policies in the UK, complaints and disputes in relation to policy administration activities should remain subject to the jurisdiction of the FOS.

The Independent Expert has considered the above issues in his report (which is summarised in this pack) and has concluded that the Transfer will not materially adversely affect the security of benefits afforded to you in this regard, for the reasons set out therein.

For further information about your eligibility to make a claim to the FSCS or the FOS, please refer to the relevant sections of their websites (<https://www.fscs.org.uk/> and <https://www.financial-ombudsman.org.uk/>) and the relevant sections of the Independent Expert's report.

Section 6 Final comments

6.1 I cannot find the answer to my question in this booklet. Where can I find out more?

We hope that the information we have provided has helped you to understand the proposals. QBE UK and QBE Europe have published further information on the QBE website (<https://qbееurope.com/>) and, via the website, you can download the legal terms of the Transfer (set out in the Scheme document), the full report of the Independent Expert and the policyholder communications pack. We will also publish on the website copies of any supplementary reports that the Independent Expert writes before the Court hearing date. Alternatively, please call us on +44 (0)20 3465 3330 or email us at brexіt.queries@uk.qbe.com and we will send you this information.

You can also call us on the above helpline if you have questions or wish to raise concerns or objections related to the proposed Transfer.

6.1 How will I know if the Transfer has been approved?

As noted at paragraph 3.2 above, we will announce the outcome of our application on the QBE website (<https://qbееurope.com/>) following the Court hearing due on 21 October 2020. Any changes or information on the progress of the Transfer will also be announced on the QBE website. You should, therefore, check the website for any changes or updates or you can call our dedicated helpline on +44 (0)20 3465 3330 or email us at brexіt.queries@uk.qbe.com.

If the application is successful then the Transfer should take place on the Effective Date.

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