

TO MEMBERS AND THEIR BROKERS

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Preparations in anticipation of the United Kingdom leaving the European Union

A referendum was held on 23 June 2016 on whether the United Kingdom should remain a member of the European Union. A majority of the electorate voted in favour of the United Kingdom leaving the European Union ("EU").

The process of how an EU member state can withdraw from the Union is set out in Article 50 of the Treaty on European Union. This process began on 29 March 2017 when the UK government notified the European Council that it wished to leave the EU. The notice period is two years although the timescale for negotiating the terms of the exit can be extended with the agreement of every other member state Government. Therefore the UK is likely to leave the EU by April 2019. The recent announcement of a 'snap' General Election in June 2017 does not change this.

The UK's decision to leave the EU has led to some uncertainty as to the ability of UK companies to trade within the single market post-exit. However, it is possible that a deal will be agreed within the two year notice period, or after some additional transitional period, which will allow insurers to continue to trade within the EU.

For the insurance industry in the UK, access to the single market is enabled through the free movement of services. The EU's financial services 'passport' means that financial services firms authorised in a member state, such as the UK, can provide services across the EU without the need for further authorisations. The passport is a shorthand term. It covers a collection of measures in EU secondary law, which minimise regulatory, operational and legal barriers that would otherwise apply.

International firms from all other countries therefore need to establish a subsidiary in at least one EEA country in order to benefit from the 'passport'. As TT Club is established in the UK and Bermuda it is necessary to make arrangements for trading post-exit.

The Board of TT Club and its Managers, Thomas Miller, are committed to meeting the long term needs of the Club's European Members. We will identify the most effective and efficient way for the Club to retain access to the single market. This may, for example, mean that TT Club establishes a presence within the EU so as to continue to take advantage of the financial services 'passport'.

We will keep you advised of progress but please be assured of our ongoing and long term commitment to conducting business in Europe. We intend to ensure that Members in the EU continue to receive the high quality service to which they have become accustomed.

If you have any questions or comments on this circular, please direct these to your usual TT Club contact.

A handwritten signature in cursive script that reads "Charles Fenton".

Charles Fenton
Chief Executive Officer