

TO THE MEMBERS AND THEIR BROKERS

Your ref
Our ref 2018/01
20 April 2018

Preparations in anticipation of the United Kingdom leaving the European Union (Update 4)

In November last year we issued Circular 2017/04 providing an update of the TT Club's plans to retain access to the European Union ("EU") single market after the United Kingdom ("UK") withdraws from the Union.

The UK's decision to leave the EU continues to generate uncertainty as to the ability of UK insurers to trade within the single market following exit. The importance of the single market is that financial services firms authorised in one member state can provide goods and services across the EU without the need for further authorisations. As TT Club, in common with many international insurers, is established in the UK (as well as Bermuda) it is necessary to make arrangements for trading following the UK's exit from the EU in the event that the final arrangements for exit or any transitional arrangements put in place, do not permit adequate access to the single market.

The recent announcement that a draft agreement on the withdrawal of the UK from the EU had been reached included terms for a Brexit transition / implementation period until at least 31 December 2020. This means that business may continue in the UK under freedom to provide services provisions until 31 December 2020.

The Board of TT Club and its Managers, Thomas Miller, remain fully committed to ensuring that the Club's European Members continue to receive the high quality service to which they have become accustomed, both during the transition to the post Brexit arrangements and thereafter. As notified in the last circular, your Board has decided that the most effective way to do this is for the Club to be fronted by another insurer established for this purpose in the EU. The confirmation of a transition deal has not changed this and the current course of action will be maintained, particularly as there remains a risk that the UK may still leave the EU without a withdrawal agreement.

We notified you last November that another insurance business managed by Thomas Miller was in the process of setting up a subsidiary company with the aim of this new company being licensed and able to underwrite European business by early 2019, in good time for the then deadline of the end of March 2019. We can now tell you that the intention is for this company

to be based in Rotterdam in the Netherlands. That business is now moving through the application process with the Netherlands regulatory authority.

It remains the intention that European business being written by TT Club would be fronted by that company and any EU based business would be renewed into the new EU established entity. We continue to plan for this to take place on or after the end of March 2019, subject to confirmation of the certainty of the transition arrangements. The TT Club brand will appear on all policy documentation and correspondence alongside the trading name of the new EU company, and TT Club underwriting and claims staff would continue to handle Members' affairs.

Even with the transition deal, the process to set up this subsidiary continues. Your Board and its Managers, Thomas Miller, will continue to monitor political developments that may impact our timetable.

I will write to you again with a further update after our next main Board meeting in June. If you have any questions or comments on this circular, please direct these to your usual TT Club contact.

Charles Fenton
Chief Executive Officer