

**TO THE MEMBERS AND THEIR BROKERS**

Your ref

Our ref 2020/02

4 June 2020

**Preparations to deal with the United Kingdom leaving the European Union (Update 11)**

On January 28 2020, the Club issued Circular 2020/01 providing an update of the Club's plans to retain access to the European Union ("EU") single market after the United Kingdom ("UK") leaves the EU. In that Circular we undertook to update you again in the second quarter of this year. Since then the government has passed the necessary legislation to take the UK out of the EU and a transition period is now in place to enable affected firms to put in place the arrangements necessary when the formal separation happens. It is unlikely the transition period will be extended beyond the 31 December 2020.

As notified in previous Circulars TT Club Mutual Insurance Limited ("TTI") is establishing a licenced insurance subsidiary in the Netherlands through which it will write European Economic Area ("EEA") business and administer all Member policies ("TTNV"). It is intended that this subsidiary will be in place and licensed in the latter half of this year and the application process continues to be on track to achieve this. It is anticipated that all non-UK EEA policies, including those written before the end of the transition period, will transfer to the new subsidiary at the end of the year, or shortly thereafter. This is required by EU regulators and will take place after the completion of a court approved process in the UK. The process will be transparent to EEA Members who will continue to benefit from the strength of the Club's solvency and client services provided from London. This is intended to be the permanent solution for the Club when the transition period expires.

To accommodate the new licenced subsidiary the Board has agreed to a simplification of the TT Club group membership structure. In this regard, currently all mutual policyholders in TTI are Members of both TTI and its Bermudan parent, Through Transport Mutual Insurance Association Limited ("TT Bermuda"). However mutual policyholders of TT Bermuda are Members of TT Bermuda only. This, together with the fact that TT Bermuda has 75% voting control of TTI, with the remainder belonging to the mutual policyholders, complicates the Club's mutual structure and creates a potential mismatch of membership interests. The key changes proposed to deal with the above mentioned points are as follows:

1. Assureds of TT Bermuda, TTI and TTNV to automatically become Members of TT Bermuda only;
2. TTI's sole Member to be TT Bermuda; and
3. TTNV's sole shareholder to be TTI.

The restructure will be carried out by amending the constitutional documents of TTI and TT Bermuda and the TT Club policy wordings. In this way, membership rights for mutual policyholders are equalised across the group, regardless of which TT Club entity provides the Member's insurance policy. In making the change there is no material impact on Members' right and responsibilities compared with the current position.

The Club Board has put in place contingency arrangements in the event of the expiry of the transition period before the Club has its own subsidiary in place. In this case the Club will be fronted by UK P&I Club N.V. ("UKNV"), a business also managed by Thomas Miller and established for this purpose in the Netherlands. Under these plans the Club's EEA based business would be renewed into UKNV and reinsured to TT Club. It is important to reiterate what has been said in earlier Circulars: this would be a temporary solution and the Club will not use this option unless it is absolutely necessary to avoid incurring unnecessary expenditure.

In summary, the Board of TT Club and its Managers, continue to remain fully committed to ensuring that the Club's European Members receive the high quality service to which they have become accustomed. I will write to you again in the next quarter with a further report.

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, appearing to read "Charles Fenton".

Charles Fenton  
Chief Executive Officer