



TO THE MEMBERS AND THEIR BROKERS

Your ref
Our ref 2020/04
16 October 2020

Preparations to deal with the United Kingdom leaving the European Union (Update 12)

On June 4, 2020, the Club issued Circular 2020/02 providing an update of the Club's plans to retain access to the European Union ("EU") single market after the United Kingdom's ("UK") departure from the EU. The transition period in place to enable affected firms to make the arrangements necessary comes to an end on 31 December 2020. It is unlikely the transition period will be extended beyond that time. This Circular provides an update and sets out a number of changes to the Club's plans.

As notified in previous Circulars, TT Club Mutual Insurance Limited ("TTI") had put in place plans to establish a licenced insurance subsidiary in the Netherlands ("TTNV") through which it would write European Economic Area ("EEA") business and administer all Member policies. It was anticipated that all non-UK EEA policies, including those written before the end of the transition period, would transfer to the new subsidiary at the end of the year, in line with EU regulatory requirements and after the completion of a court approved process in the UK.

Previous circulars also set out the Club's contingency plan in case of a delay in completing the licencing process in the Netherlands or with the Court approved portfolio transfer process, or for any other reason. In this case the Club would 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. Claims would continue to be administered in the usual way from London utilising approved servicing methods that certain EEA regulators have put in place, or by other means as necessary to ensure the continued fair treatment of the Club's Members.

After working closely with the Netherlands regulator, De Nederlandsche Bank ("DNB"), and our colleagues in the UK P&I Club responsible for UKNV, the Board of TTI and its Managers has decided that a UKNV fronted arrangement, as described above, now presents the best long term solution for the Club's EEA business following the UK's departure from the EU. Accordingly, the Club has withdrawn its application to the DNB for an insurance licence.

The Club will write all new and renewing EEA business through UKNV as of 1 January 2021, or a later date if the UK's right to passport into Europe extends beyond this date. The fronted model has been notified to the Club's UK regulator, the PRA, and the Managers are engaging with

relevant EEA regulators to inform them and agree service continuity arrangements for policies written in 2020 and prior years.

All non-UK EEA policies, including those written before the end of the transition period, are now planned to transfer to UKNV during 2021, utilising the same Court approved process explained above. The process will be transparent to EEA Members and claims will continue to be administered in the usual way from London through the methods explained above, and after the portfolio transfer into UKNV completes.

There are a number of benefits to a fronted solution, which make this the appropriate model to write the Club's EEA business. Once fully explored the considerable demands and distractions of running an additional licensed insurance company, together with the additional cost of this solution were assessed against the simplicity and flexibility of the fronted model.

TT Club is confident of the arrangements in place to manage and grow its EEA business in partnership with its fellow Thomas Miller managed business, and looks forward to a successful 2021 in the EEA, and globally.

The Board of TTI 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 before the end of the year with a further report or when we have more certainty.

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