

TO THE MEMBERS AND THEIR BROKERS

Your ref
Our ref 2018/03
28 August 2018

Preparations in anticipation of the United Kingdom leaving the European Union (Update 5)

In April this year we issued Circular 2018/01 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. This is known as the freedom to provide services. 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 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 throughout the exit phase and into the future.

It is possible, although still unlikely, that a mutually agreeable arrangement following the UK's departure from the EU will not be reached. If that happens, then the transitional period in which there would be a continuation of the freedom to provide insurance services until at least 31 December 2020, would not come into effect and the UK would leave the EU at 30 March 2019 when the notice period expires. As Members are aware from earlier circulars, the Club's planning has been undertaken on the basis the Club will put itself in a position whereby it will be able to continue to insure Member risks regardless of the political conclusion.

As notified in the last circular, your Board has decided that the most effective way to continue to provide the Club's product following the UK's departure from the EU, is for the Club to be fronted by another insurer established for this purpose in the EU. Another insurance business managed by Thomas Miller is 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. That business is moving through the application process with the Netherlands' regulatory authorities and the application is on schedule. This company will be based in Rotterdam in the Netherlands.

It remains the intention that European business being written by TT Club will be fronted by that company and any EU based business will 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 any transitional 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 will continue to handle Members' affairs, either from London or within the EU.

Your Board and the Managers 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 November. 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