

TO THE MEMBERS AND THEIR BROKERS

Your ref
Our ref 2019/04
17 September 2019

Preparations in anticipation of the United Kingdom leaving the European Union (Update 8)

In April 2019 we issued Circular 2019/01 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.

As TT Club, in common with many international insurers, is established in the UK (as well as Bermuda) it has been 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. With the ongoing political uncertainty it looks increasingly unlikely that any form of access to the single market will be retained. The purpose of this message is to reassure Members and their brokers that business will continue with as minimal disruption as is practical.

As notified in the previous circulars, your Board has decided that the most effective way to achieve this, particularly if there is no deal or no transitional period, is for the Club to 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. The UKNV office is located in the World Port Center in Rotterdam.

Under these plans EEA based business would be renewed into UKNV. However the Club will only use this option if it is absolutely necessary. So if a transitional period does come into effect, or if there is an extension to the leaving date, UKNV will not be used until after the end of that period. At the point that it is necessary to use the fronting arrangement described above, TT Club underwriting and claims staff will continue to handle Members' affairs. Your current underwriting and claims contacts will not change. We will work closely with UKNV to ensure that claims, underwriting and servicing matters are handled effectively.

Should there be a Brexit deal, extension or reversal that allows us to continue to provide our service and product as we do today, then we will continue to do so without change, whilst closely monitoring developments.

As the fronting arrangement described above has always been seen as a temporary solution, and because it has become increasingly clear that the UK is likely to leave the EU on some future date, your Board has decided to establish a subsidiary of TT Club itself in the

Netherlands through which to write EEA business and administer all policies. This will be the permanent solution for the Club in circumstances where the UK leaves the EU without access to the single market. The arrangements for establishing a subsidiary, "TTNV," are now in progress, including applying for the appropriate licences and preparing to apply for the Court approved transfer of existing insurance policies underwritten by TTI in the EEA into the new subsidiary ("Part VII transfer"). The Part VII transfer itself may take until late 2021 to complete, but it is necessary to commence the process before 31 October 2019, the date the UK is expected to leave the EU, in order to avoid any unnecessary complications in future when it comes to continuing to service insurance contracts and associated claims in the EEA. This process will not affect Members' cover and is only a mechanism to move them into the new EU subsidiary of TT Club. Members in the new subsidiary will continue to be protected by the Club's AM Best Financial Strength Rating, currently A- (Excellent). More information on this process will be provided in due course.

The strategy continues to be to avoid unnecessary cost to the Club's membership when not required to make changes by law or regulation. Therefore the Club will not move any faster than necessary to establish its new insurance company subsidiary in the EU. The Board and the Managers are also conscious of the need to preserve all options to account for various Brexit political solutions that may yet arise.

In summary, the Board of TT Club and its Managers, remain fully committed to ensuring that the Club's European Members continue to receive the high quality service to which they have become accustomed. This remains the case during any potential transitional period to the post-Brexit arrangements and thereafter. I will write to you again with a further update as this matter develops and in any event before the current deadline of 31 October 2019.

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



Charles Fenton
Chief Executive Officer