

On behalf of the First Applicant

Fourth Witness Statement

Andrew John Taylor

14 December 2020

Exhibit AJT4

CR-2020-000103

IN THE HIGH COURT OF JUSTICE

BUSINESS AND PROPERTY COURTS OF ENGLAND WALES

COMPANIES COURT (ChD)

**IN THE MATTER OF THE UNITED KINGDOM MUTUAL STEAM SHIP
ASSURANCE ASSOCIATION (EUROPE) LIMITED**

AND IN THE MATTER OF UK P&I CLUB NV

**AND IN THE MATTER OF PART VII OF THE FINANCIAL SERVICES AND
MARKETS ACT 2000**

FOURTH WITNESS STATEMENT OF

ANDREW JOHN TAYLOR

I, Andrew John Taylor of 90 Fenchurch Street, London EC3M 4ST, say as follows:

A. INTRODUCTION

1. I am a director of The United Kingdom Mutual Steam Ship Assurance Association (Europe) Limited (referred to herein as ‘UKE’ or ‘**First Applicant**’). I have held office as a director continuously since 13 July 2014. I have also acted for UKE in the following ‘controlled functions’, as defined by the Prudential Regulation Authority (‘**PRA**’):

(a) as SMF1 (Chief Executive Function) since 10 December 2018; and

(b) as CF Director (AR) since 1 April 2014.

2. I am duly authorised by the Applicants to make this Fourth Witness Statement. I make this statement from knowledge and information acquired by me in my capacity as a director of UKE, and in the roles described above, where I have acquired knowledge of the affairs of both Applicants. Where the facts are within my knowledge they are true. Where they are not within my knowledge they are true to the best of my information and belief.

3. I made a first witness statement on behalf of the First Applicant dated 12 August 2020 (‘**First Witness Statement**’) and a second witness statement on behalf of the First Applicant dated 17 November 2020.

4. Capitalised terms used in this Fourth Witness Statement shall have the meaning given to them in the First Witness Statement unless otherwise defined herein.

5. Attached to this witness statement as exhibit AJT4 is a bundle of documents to which I refer in this statement. All page references in this statement are references to exhibit AJT4, save where otherwise stated.

B. SLOVENIAN REGULATOR

6. I understand that during the PRA’s three month consultation with the regulatory authorities of each of the 30 EEA states in connection with the Scheme, the Slovenian Agencija za zavarovalni nadzor (‘**AZN**’) (the Slovenian regulator) notified the PRA that UK P&I Club NV (‘**UKNV**’) does not have the requisite authorisation to conduct,

on a freedom of services basis, insurance business in non-life insurance class 12 (Liability of Ships) in Slovenia.

7. I explained in the First Witness Statement at paragraph 21 that UKE has only written contracts of general insurance under paragraph 12 (Liability of Ships). In addition, in his first witness statement on behalf of UKNV dated 12 August Paul van den Brom explained at paragraph 10 that UKNV has permission under Section 2:27 of the Dutch Financial Supervision Act to effect and carry out contracts of general insurance under, amongst others, class 12 (Liability of Ships) of such law.
8. The PRA has notified the Applicants that, for the purpose of issuing the appropriate certificates required by Schedule 12 of FSMA, the response from the AZN would be treated as an objection to the transfer pursuant to the Scheme of class 12 business in Slovenia.
9. UKNV is taking steps to obtain the requisite authorisation to conduct, on a freedom of services basis, non-compulsory insurance business in non-life insurance class 12 in Slovenia (the ‘**Authorisation**’). If the Authorisation is received before the Effective Time, the Slovenian Policies (as defined in paragraph 13 below) will transfer at the Effective Time under the terms of the Scheme. If the Authorisation is not received before the Effective Time, the Slovenian Policies will, pending the transfer (as referred to in paragraphs 13 and 14 below) of the Slovenian Policies to UKNV, remain with UKE and will continue to be serviced by UKE in accordance with the run-off regime available in Slovenia following expiry of the Brexit transition period on 31 December 2020. For the avoidance of doubt, the Slovenian Policies comprise solely non-compulsory insurance business in non-life insurance class 12 in Slovenia and, as a result, UKNV is not required to become a member of the Slovenian Insurance Association or the Slovenian Guarantee Fund.
10. In the event that UKNV does not obtain the requisite authorisation from the AZN, the Slovenian Policies will remain with UKE.

C. SLOVENIAN RUN-OFF REGIME

11. With regard to the Slovenian Policies (as defined in paragraph 13 below), on 7 December 2020 the AZN adopted the “Decision regulating the situation of insurance undertakings established in the United Kingdom of Great Britain and Northern Ireland

after the end of the transitional period” (**‘Decision’**) which will enable UKE to run-off the Slovenian Policies issued on or before 31 December 2020 for a period of three years from (and including) 1 January 2021. The terms of the Decision will enter into force on the day after its publication in the Slovenian Official Gazette, which is expected to be during the course of the week commencing 14 December 2020.

12. The holders of Slovenian Policies (as defined in paragraph 13 below) will continue to receive the same service as they currently receive whilst waiting for their Slovenian Policies to be transferred to UKNV.

D. AMENDMENTS TO SCHEME DOCUMENT

13. To address the response provided by the AZN, the Applicants now seek to amend the proposed Scheme such that the policies which (i) relate to any vessel the flag state of which at any time during a policy year is noted in such Policy as being Slovenia or (ii) relate solely to charterers’ (other than demise or bareboat charterers’) risks where the establishment of the charterer is situated in Slovenia (the **‘Slovenian Policies’**), shall (i) transfer to UKNV at the Effective Time (if UKNV has obtained the Authorisation before the Effective Time) or (ii) not transfer to UKNV at the Effective Time (if UKNV has not obtained the Authorisation before the Effective Time), but will transfer automatically to UKNV on the date on which UKNV obtains the Authorisation.
14. The amendments to the proposed Scheme are as follows (deleted language being struck-through and new language being double-underlined):

“**Excluded Assets and** means:

Liabilities

- (a) all assets and liabilities of UKE to the extent they do not relate to the Transferred Business;
- (b) all assets and liabilities of UKE to the extent they relate to any business carried on by any of UKE’s branches in Hong Kong, Japan and Singapore;
- (c) the membership interests of UKE in UKB and UKL and all shares held by UKE in the capital of

UKNV;

- (d) the management agreement between (i) UKE and (ii) Thomas Miller P&I (Europe) Limited and (iii) Thomas Miller Holdings Limited dated 28 May 2018, and all assets and liabilities relating thereto;
- (e) the protection and indemnity reinsurance contract between UKE and UKB dated 20 February 2007 and amended and restated on 20 February 2013 (pursuant to which UKB reinsures certain of UKE's insurance liabilities) including the rights and obligations of UKE arising out of or in connection with it;
- (f) the reinsurance contract between UKE and UKNV dated 15 October 2019 (pursuant to which UKE reinsures certain of UKNV's insurance liabilities) including the rights and obligations of UKE arising out of or in connection with it;
- (g) any Policies which are subject to the benefit of any licence, permission and/or assurance granted to UKE by HM Treasury or any other Competent Authority in connection with sanctions where, as at the Effective Time, (i) such licence, permission and/or assurance cannot be transferred pursuant to the terms of this Scheme; and (ii) where UKNV has not been granted the appropriate licence, permission and/or assurance by the relevant Competent Authority in connection with sanctions;
- (h) any Policies which (i) relate to any vessel the flag state of which at any time during a policy year is

noted in such Policy as being Slovenia or (ii) relate solely to charterers' (other than demise or bareboat charterers') risks where the establishment of the charterer is situated in Slovenia where, as at the Effective Time, UKNV has not received the authorisation referred to in paragraph 4.3.2(b);

- (i) all licences, permissions or authorisations granted to UKE by any Competent Authority and any assets and liabilities relating thereto (other than those licences, permissions and assurances referred to in paragraph (c) of the definition of Transferred Assets);
- (j) all cash or non-cash assets held by or on behalf of UKE as, or in support of, the regulatory capital provisions imposed or required in respect of the Transferred Business;
- (k) all assets and liabilities of UKE under the Capitalisation and Guarantee Deed;
- (l) all assets and liabilities of UKE in respect of Tax relating to the Transferred Business; and
- (m) all obligations of UKE to indemnify any party under the Pooling Agreements.

4.3 In the case of any Policies:

4.3.1 which are subject to the benefit of any licence, permission and/or assurance granted to UKE by HM Treasury or any other Competent Authority in connection with sanctions; or

4.3.2 which (i) relate to any vessel the flag state of which at any time during a policy year is noted in such Policy as being Slovenia or (ii)

relate solely to charterers' (other than demise or bareboat charterers') risks where the establishment of the charterer is situated in Slovenia,

which, as at the Effective Time, were treated as Excluded Assets and Liabilities but where, following the Effective Time:

- (a) in the case of paragraph **Error! Reference source not found.**, the appropriate licence, permission and/or assurance has transferred or been granted to UKNV by HM Treasury or such other Competent Authority then, immediately upon such transfer or grant taking place, ~~such~~; or
- (b) in the case of paragraph 4.3.2, UKNV has, as a result of the exercise by it of freedom of services passporting rights pursuant to Article 39 of Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 "on the taking-up and pursuit of the business of Insurance and Reinsurance" (Solvency II), received authorisation from the Agencija za zavarovalni nadzor to conduct non-compulsory insurance business in non-life insurance class 12 of Article 7 of the Slovenian Insurance Act, as applicable, then, immediately upon such authorisation being granted,

such relevant Policies shall, by the Order and without any further act or instrument, be transferred to and vested in UKNV and the assets and liabilities relating to such Policies shall immediately upon the transfer of such Policies be transferred to UKNV and such Policies, assets and liabilities shall thereafter be dealt with by UKNV under the provisions of this Scheme in all respects as if such Policy were a Transferred Policy and if such assets and liabilities were part of the Transferred Business and the Transferred Reinsurances, Transferred Assets and/or Transferred Liabilities, as relevant."

15. There is now shown to me at pp. 1 to 24 a copy of the amended proposed Scheme.

E. NOTIFICATION TO PRA AND FCA

16. The Applicants have notified the PRA and the Financial Conduct Authority ('FCA') of the intention to amend the proposed Scheme in the manner set out in paragraph 14 above, and neither the PRA nor the FCA have raised any objection.

F. COMMUNICATION TO POLICYHOLDERS, BROKERS, AND REPRESENTATIVES

17. The Applicants have notified the relevant policyholders, their brokers and Representatives of the amendment to the proposed Scheme by way of a notification sent by courier post on or around 14 December 2020. The notification sent by the Applicants explained the implications of the amendment to the proposed Scheme and referred the recipient to UKE's website at www.ukpandi.com and UKNV's website at www.ukpandi.com where the amended Scheme and this Fourth Witness Statement are available.

18. There is now shown to me at pp. 25 to 26 a copy of the notification sent by courier post.

19. The Applicants will notify the holders of Slovenian Policies promptly following the automatic transfer of the relevant Slovenian Policies from UKE to UKNV in accordance with the terms of the Scheme.

20. The Applicants will, in addition, notify the PRA and the FCA promptly following the automatic transfer of any Slovenian Policies from UKE to UKNV in accordance with the terms of the Scheme.

STATEMENT OF TRUTH

I believe that the facts stated in this Witness Statement are true. I understand that proceedings for contempt of court may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth.



Andrew John Taylor

Dated 14 December 2020