

CIRCULAR

OUTLINE

- **Brexit: The UK P&I Club to set up a subsidiary in the Netherlands**

TO THE MEMBERS

BREXIT UPDATE

Background

The United Kingdom's decision to leave the European Union has led to uncertainty as to the ability of UK insurers to trade within the single market after Brexit. The single market allows financial services firms authorised in one member state to provide goods and services across the European Union without the need for further authorisations. Since the UK P&I Club, in common with many international insurers, is established in the UK (as well as Bermuda) it is necessary to make arrangements to continue trading after the UK's exit from the European Union, in the event that the final arrangements for Brexit or any transitional arrangements put in place do not permit adequate access to the single market.

Members with ships registered in the European Economic Area (EEA) are currently insured by UK (Europe) through its London office. Unless the UK remains part of the EEA this will no longer be possible after Brexit. Around 20% of the UK P&I Club's Members measured by gross premium income will be affected by Brexit.

The Netherlands

In order to ensure that these Members are not unduly inconvenienced by Brexit, the UK P&I Club will establish a subsidiary in the European Union authorised to insure ships registered in the EEA.

At its meeting on 30 October 2017, the Board selected the Netherlands as the preferred location. A further announcement will be made once it has been decided where in the Netherlands this subsidiary will be located.

Impact on Members

There will be no change for Members whose ships are not registered in the EEA.

For Members with ships registered in the EEA (i.e those Members with European flagged ships) there will be two minor changes; the new subsidiary will be the insurer named on the certificates of entry and Members will be asked to pay the premium into a bank account belonging to the new subsidiary.

No other changes are expected. The usual contacts at the Club for Members will remain unchanged. This means that Members whose underwriting and claims contacts are based in London or Greece will still be dealing with those contacts after Brexit.

It is expected that Standard and Poor's will extend the Club's credit rating to the new subsidiary.

The new subsidiary will also be in a position to front for other Thomas Miller managed clubs affected by Brexit. As a result, this will enable costs to be shared, providing the most efficient solution to continuing operations in Europe.

Continuity of service

It is anticipated that the new subsidiary will be fully operational in time for the start of the 2019 renewal season (i.e. sometime during the third quarter of 2018 and therefore well before Brexit on 29 March 2019).

The Board of the UK P&I Club and its Managers, Thomas Miller, remain fully committed to ensuring that the Members affected by Brexit continue to receive a high quality service, both during the period leading up to Brexit and thereafter.

Yours faithfully,

THE MANAGERS

For more information

Members requiring further information should contact their usual contact at the Club.