



TOKIO MARINE
KILN

TMKI Policyholder Statement
On letterhead of TMKI

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03 August 2018

Dear Sirs

HCC INTERNATIONAL INSURANCE COMPANY PLC ("HCCI")
TOKIO MARINE KILN INSURANCE LIMITED ("TMKI")
TOKIO MARINE EUROPE SA ("TME")
INSURANCE BUSINESS TRANSFER

Following the press announcement in 2017, HCCI and TMKI (companies within the Tokio Marine Group) have been working together to establish an insurance company incorporated in Luxembourg, TME. This new insurance company will ensure that regardless of the outcome of the current Brexit negotiations, the current Tokio Marine teams will be able to continue to provide insurance services to their clients in the EEA. As part of this seamless transition and to ensure full continuity of service to our policyholders and bond beneficiaries, it is proposed that HCCI will transfer the business of its EEA branches, and TMKI will transfer the business of its EEA branches, to TME.

The transfer is proposed so that the Tokio Marine Group will be able, through TME, to administer and pay claims under the policies written through EEA branches of HCCI and TMKI after the UK leaves the European Union.

1. THE PROPOSAL

The transfer of the above-mentioned businesses to TME will be carried out under what is known as an insurance business transfer scheme (the "**Scheme**"). The Scheme can only enter into effect with the approval of the High Court by an order under Part VII of the Financial Services and Markets Act 2000 (the "**Act**").

The business to be transferred consists of the insurance and reinsurance contracts for which HCCI is the insurer or reinsurer through its branches in France, Germany, Ireland, Italy,

Norway and Spain and for which TMKI is the insurer or reinsurer through its branches in Belgium, France, Germany, Italy, the Netherlands and Spain.

HCCI and TMKI have made an application to the High Court for this order which is due to be heard by the Court later this year. Provided the Court's approval is obtained, the transfer is expected to become effective at 00:01 am on 1 January 2019.

2. WHAT THIS MEANS FOR POLICYHOLDERS AND BOND BENEFICIARIES

On the Scheme coming into effect:

- (a) TME will replace HCCI as the insurer or reinsurer under each transferring insurance contract or reinsurance contract for which HCCI is currently the insurer or reinsurer; and
- (b) TME will replace TMKI as the insurer or reinsurer under each transferring insurance contract or reinsurance contract for which TMKI is currently the insurer or reinsurer.

Apart from this, the terms of such contracts will not change.

From the date of the transfer, the same staff will continue to administer the transferred business on behalf of TME.

After the Scheme has taken effect there will be a change in regulation since TME is headquartered in Luxembourg. On renewal, there may also be changes to a transferred insurance contract's protection under the Financial Services Compensation Scheme ("**FSCS**"). (In general FSCS protection only applies to individuals and small businesses.) However, the FSCS position in relation to renewals will be the same whether or not the Scheme proceeds.

Any person who alleges that he or she would be adversely affected by the carrying out of the Scheme is entitled to be heard by the Court at the hearing of the application, as are the Prudential Regulation Authority and the Financial Conduct Authority.

The application is directed to be heard before the Companies Court Judge at 7 Rolls Buildings, Royal Courts of Justice, Fetter Lane, London, EC4A 1NL on 16 November 2018 and any person (including staff employed in the performance of HCCI's business, TMKI's business or TME's business) who alleges that he or she would be adversely affected by the carrying out of the Scheme is entitled to object (by sending written representations to the solicitors named below and/or the Court or making oral representations to the solicitors named below) or may appear at the time of that hearing in person or by Counsel. Any person who intends to object orally or in writing or so to appear is requested (but not obliged) to notify his or her objections and the reasons therefor as soon as possible, and preferably

before 14 November 2018, to Hogan Lovells International LLP (the solicitors acting for HCCI and TMKI) at Atlantic House, Holborn Viaduct, London, EC1A 2FG (tel: +44 20 7296 2000), quoting reference C4/NC/TJG.

You do not need to take any action unless you consider you would be adversely affected by the transfer going ahead and wish to object to the transfer.

3. FURTHER INFORMATION

As required by the Act, an independent expert has produced a report on the proposed transfer. The independent expert concludes in his report that there would be no material adverse impact on the security or standards of service of any group of HCCI's or TMKI's policyholders.

A copy of the report and a statement containing the terms of the Scheme and a summary of the independent expert's report are available on the following website:

<http://www.tokiomarinekiln.com/about-us/brexit/>

and will also be provided, free of charge, by Hogan Lovells International LLP, whose details are given in paragraph 2 above.

Yours faithfully



Charles Franks
for and on behalf of

Tokio Marine Kiln Insurance Limited