

This note relates to TMKI business underwritten in the UK where all of the risk or some of the risk is located in the EEA.

Guidance in relation to syndicate risks will follow once it has been validated with Lloyd's.

The Brexit programme is currently working on a worst case scenario basis that the UK Company platform will no longer be authorised to write or service business with an EEA element after the Brexit effective date of **29 March 2019**.

This will mean that we may no longer collect unearned premiums on any business in force after this date or potentially pay claims after this date.

For any such TMKI policy expiring after **29 March 2019**, underwriters will need to add a contractual clause as an endorsement to allow the transfer of some or part of the risk to an EEA authorised insurer within the TM Group. Further details in relation to transfers will be provided closer to the Brexit effective date.

The clause below has been approved by Wordings and the Underwriting Committee. Alternative clauses suggested by brokers can be accommodated: please forward any such clauses to our Wordings team for review.

Please take the appropriate steps to ensure that a clause is added to all policies expiring after 29 March 2019.

EU Contract Continuation Clause

1. If the Insurer is not permitted to insure some or all of the risks covered under this Policy after a specified date (the "Termination Date") due to the withdrawal of the United Kingdom from the European Union, it will have the right to transfer its participation to another appropriately authorised insurer ("the Replacing Insurer") provided that:

- (a) Both insurers form part of the same corporate group;
- (b) The Replacing Insurer insures on the same Policy terms (including premium);
- (c) The Replacing Insurer has an appropriate security grading that is at the transfer date not lower than that of the Insurer; and
- (d) Such transfer is completed at least forty-five [45] days prior to the Termination Date. The Insurer will notify the Insured in writing (including any electronic messaging service) via the Appointed Broker/Intermediary of the transfer date within ten [10] days of such completion. The Insured shall be entitled to

terminate its contract with the Replacing Insurer in writing within ten [10] days of such notification, in the absence of which notification the participation of the Insurer in this Policy will remain with the Replacing Insurer with effect from such transfer date.

2. The premium due to the Insurer will be calculated proportionately from the inception date to the transfer date and is payable in accordance with the Policy. Any balance due at the transfer date will be paid to the Insurer. Any balance due from the transfer date to the expiry date of the Policy will be paid to the Replacing Insurer. The Replacing Insurer will not invoke any delay in such payment to suspend or cancel the Policy.

3. Unless otherwise agreed:

(a) Subject to all Policy terms, the Insurer shall remain liable to handle and pay all claims, and related legal costs and expenses, incurred and payable prior to the transfer date, which (if ascertained or agreed) it shall pay prior to the Termination Date.

(b) Subject to all policy terms, the Replacing Insurer shall become liable to handle and pay all claims, and related legal costs and expenses, incurred or payable on or after the transfer date.

(c) All monies, other than claims, payable by either or both of the Insurer and the Replacing Insurer in respect of this Policy, shall be payable in proportion to their participation effective up to or after the transfer date respectively.

4. In the absence of notification to the Appointed Broker/Intermediary as above not less than thirty-five [35] days of such transfer prior to the Termination Date, the participation of the Insurer will be terminated with effect from the date that the Insurer will no longer be permitted to insure risks covered under this Policy. The premium due to or from the Insurer will be calculated at pro rata Policy terms up to the date of termination.

"Insurer" includes "Reinsurer" as appropriate.