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Brexit - Regulatory Impact

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How does Brexit impact us?

- What being a Third Country means?
- How important is equivalence?
- Practical consequences of Freedom of Services and Freedom of Establishment for an insurer
- Potential implications for UK Insurers
- Importance of “May” v “Must”



Third Country & Britain's Status



“The European Union is not a common-sense arrangement. It is a legal order and a legal discipline, as is a single market. They say, ‘The day after exit is radically different from the day before, because you become a third country like any other third country.’”

Sir Ivan Rogers

Exiting the EU Committee

22 February 2017



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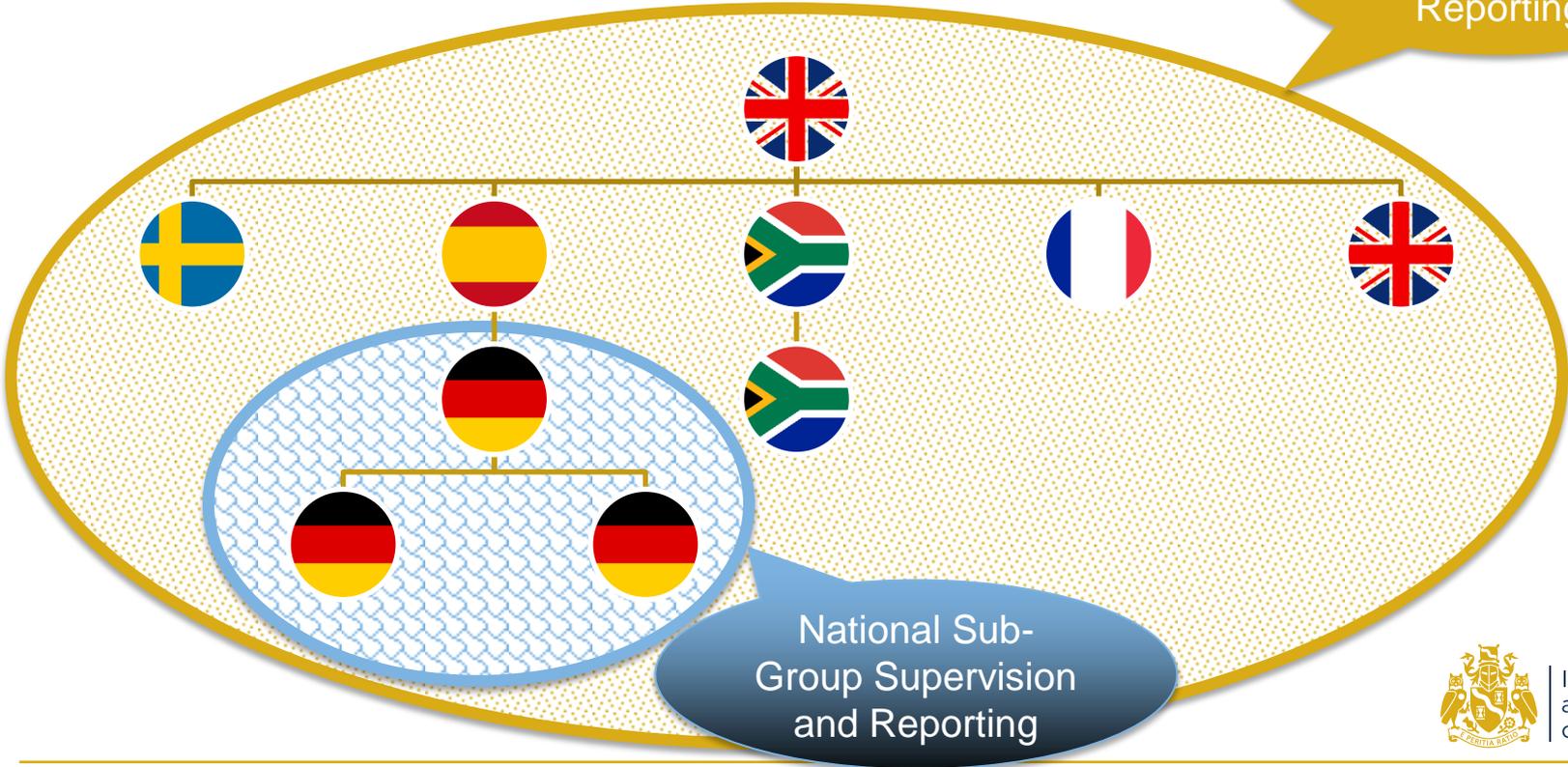
Types of Third Country Equivalence

- Group Supervision
 - Articles 260 – 264
 - Impacts how non-EU head-quartered Groups are supervised
- Subsidiaries
 - Article 227
 - Impacts Valuation and Solvency of subsidiaries in Third Countries
- Reinsurance
 - Articles 172 – 175
 - Impacts treatment and availability of reinsurance into EU



Current Situation – Group Supervision

Group Supervision and Reporting

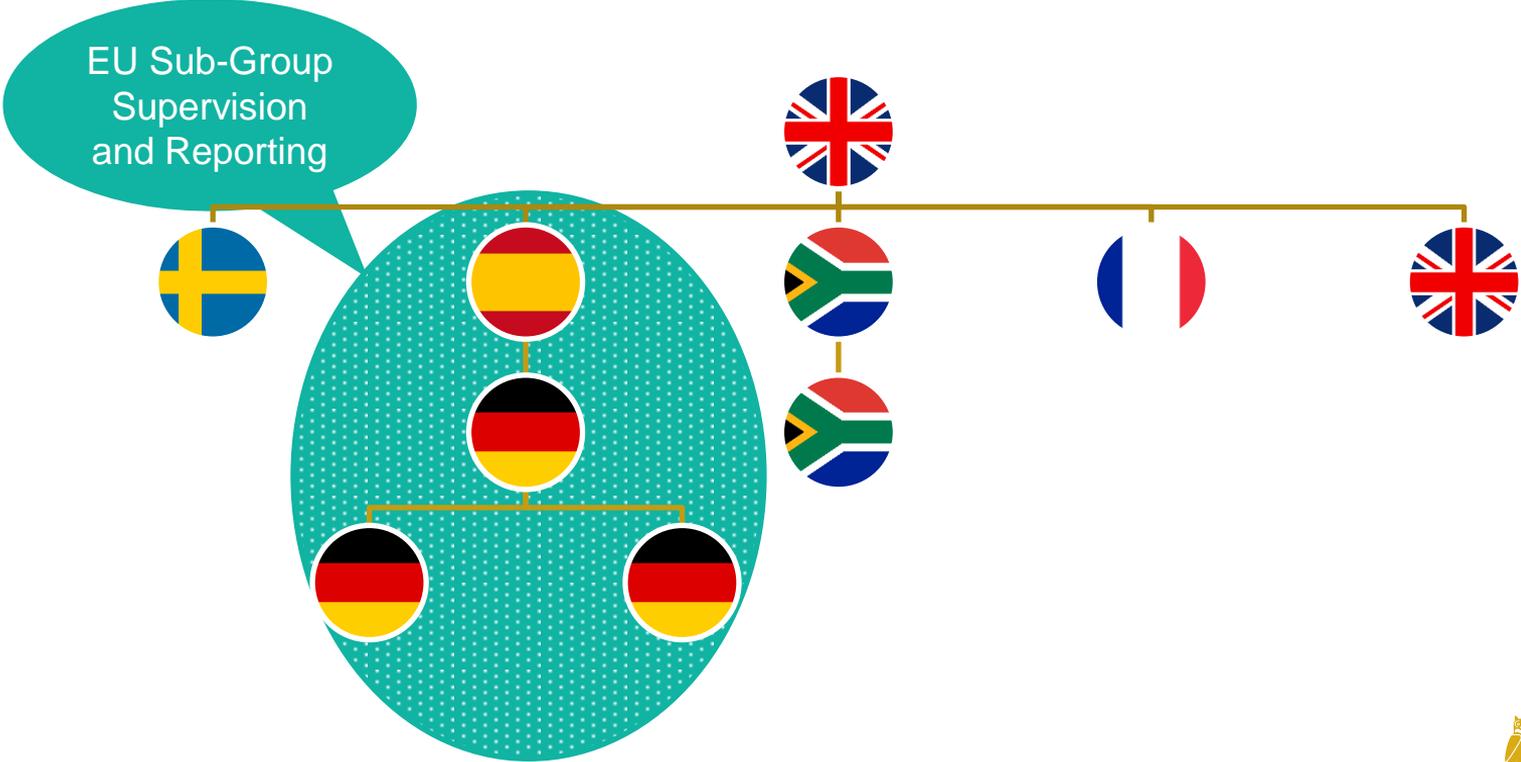


National Sub-Group Supervision and Reporting

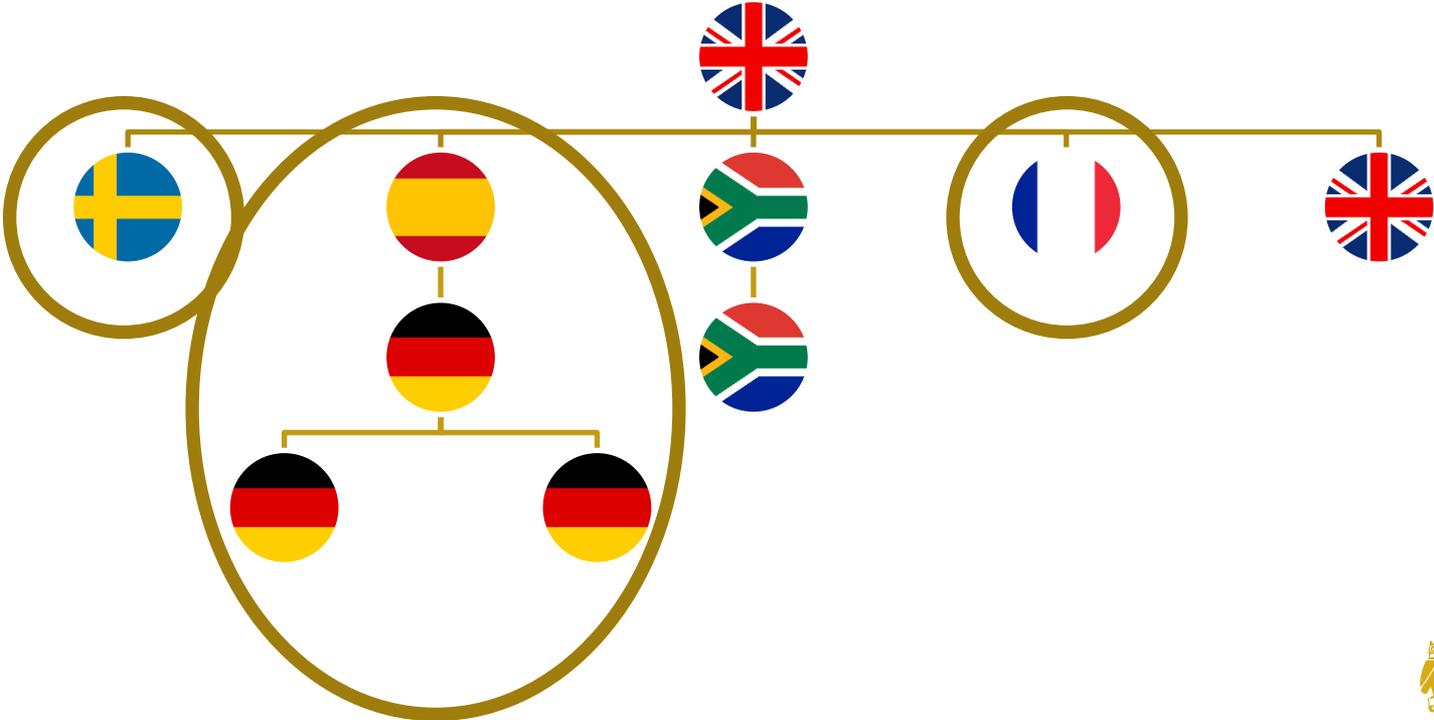
Post Brexit– Group Supervision



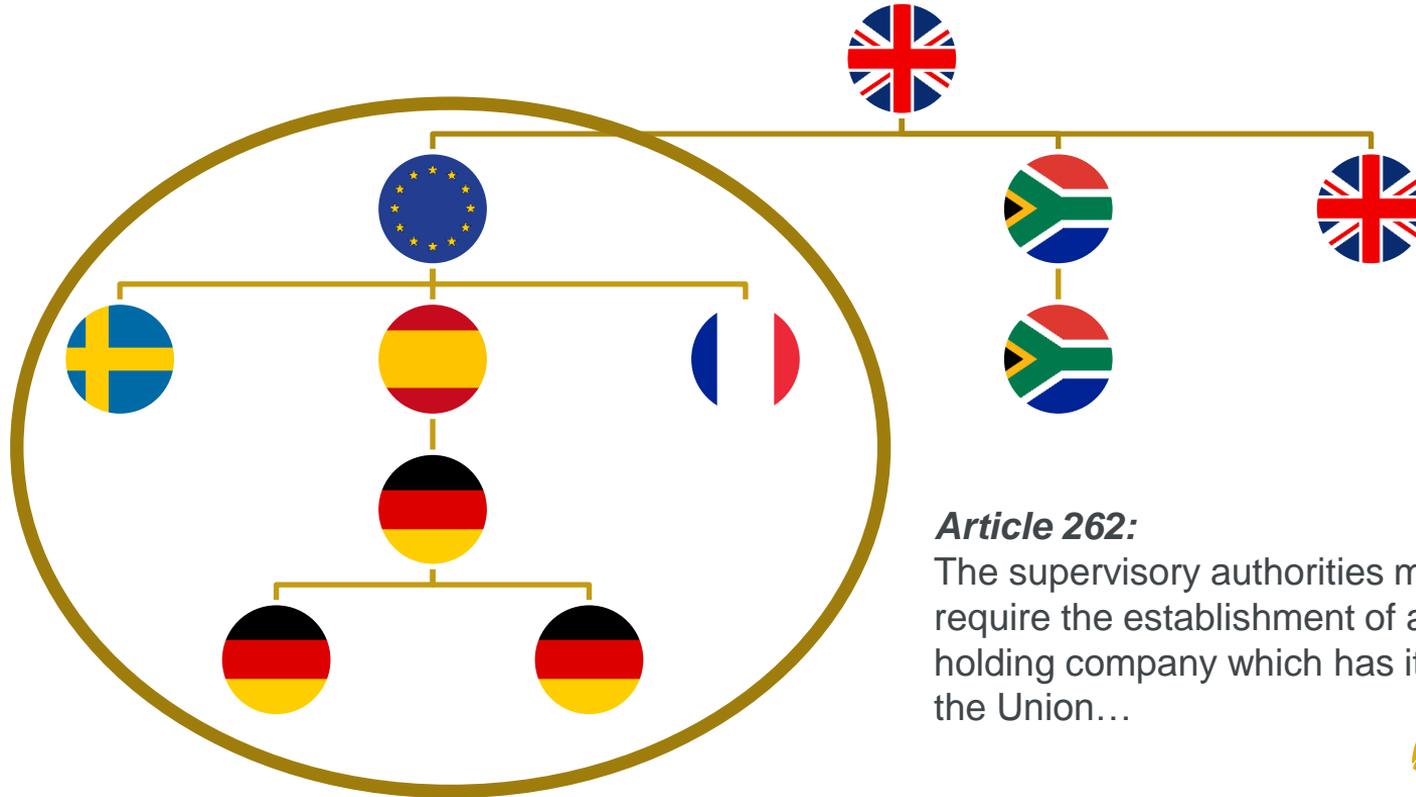
Post Brexit– Group Supervision



Post Brexit– EU Entities



Post Brexit– EU Entities – An Option



Article 262:

The supervisory authorities may in particular require the establishment of an insurance holding company which has its head office in the Union...



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Freedom of Establishment and Service

	Establishment	Services
Physical Presence	Yes - Branch	No
Available to Third Countries	Yes – but not common*	No
Branch SCR and Capital	Yes	-
Multi-Branch Supervision	Yes – with permission	-

* Into EU 27, there are currently 19 non-life branches, with 10 from Switzerland



Key Brexit Challenges

- What will happen in March 2019?
 - When will we know? Cliff-edge issue
- What will the transition arrangements look like?
 - e.g. Unpaid claims from multinational policies
- How will Branches and FOS work?
 - Will firms establish subsidiaries in EU27?
 - Lloyds (Brussels), AIG (Luxembourg)
 - Will Part VIIs be needed?
 - Court / Regulatory Capacity



Questions

Comments

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