

**Lloyd's Brexit Transfer
Part VII Notifications
Policyholder Quick Reference / Frequently Asked Questions**

to be published at Lloyds.com/brexittransfer/faq

Category	Ref	Question	Answer
1. Rationale / Brexit	1.1	<i>What is Brexit?</i>	Brexit is the withdrawal of the United Kingdom from the European Union. Following a referendum in June 2016, the UK government formally announced the country's withdrawal in March 2017, starting a process that concluded with the UK withdrawing from the EEA on 31 January 2020. The withdrawal is subject to a transition period, expected to end on 31 December 2020.
1. Rationale / Brexit	1.2	<i>What is an EEA policy?</i>	A non-life Policy allocated to a year of account 1993 and 2020 (inclusive) which relates to (or contains an element of) EEA risk, either because of the residence of the Policyholder or the location of the insured risk, such that the policy (or relevant part) cannot be managed post-Brexit from the UK without breaching legal or regulatory requirements. Policies which are subject to Lloyd's regulatory licences in Australia, Canada, Hong Kong, Singapore, South Africa and/or Switzerland will not, however, transfer.
1. Rationale / Brexit	1.3	<i>Why can't my EEA Policy stay where it is?</i>	All EEA policies (other than certain excluded policies) must be transferred to an EEA regulated insurance company to allow for the compliant ongoing servicing of the policy, including payment of any valid claims. Otherwise there is a risk that following the end of the Brexit Transition Period, currently expected to be 31 December 2020, Lloyd's will not legally be able to service your policy, including paying valid claims.
1. Rationale / Brexit	1.4	<i>What is the EEA?</i>	EEA means the European Economic Area as constituted by the Agreement on the European Economic Area (94/1/ECSC, EC), as amended from time to time, excluding the United Kingdom and constitutes the following 30 states; Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden.
1. Rationale / Brexit	1.5	<i>What is the Transition Period, what is the Transition End Date?</i>	The UK and the EU leaders concluded an Agreement on the Withdrawal of the United Kingdom and Northern Ireland from the EU on 17 October 2019, which entered into force on 1 February 2020. The Agreement includes a transitional period during which there will be legal and regulatory continuity between the UK and the EU on the basis of the existing rules from the date the UK leaves the EU (31 January 2020) until the expiry of such period (the Transition End Date). The Transition Period is currently expected to expire on 31 December 2020.

1. Rationale / Brexit	1.6	<i>Why is Lloyd's Insurance Company based in Brussels?</i>	Lloyd's carefully considered its choice of location for its EEA insurance company. One key factor in its final choice was the ability to 100% reinsure back to syndicates the business that we are proposing to transfer, which was not an available option with the other EEA states considered. Lloyd's Brussels is authorised as an insurer by the National Bank of Belgium (NBB) to undertake numerous classes on non-life (re)insurance business and will have passports to undertake that business throughout the EEA either on a freedom of establishment or freedom of services basis, with 19 branches across the EEA. Lloyd's enjoys a good relationship with the Belgian regulators, the NBB and the Financial Services and Markets Authority. The Belgian regulatory regime also incorporates the Solvency II Directive and so offers similar prudential regulatory protections to the current UK regime.
1. Rationale / Brexit	1.7	<i>Does there have to be a Part VII transfer and have other options been considered?</i>	Yes. No other options that have been considered provide the same legal certainty and finality that a Part VII Transfer brings prior to the Transition End Date. No other solutions adequately address the loss of passporting and the regulatory risk created by Brexit for Lloyd's and its policyholders.
1. Rationale / Brexit	1.8	<i>How did Lloyd's Council and Board decide to do this and only decide to do this now?</i>	Following the referendum in June 2016 and the UK government's formal announcement of the country's intended withdrawal from the EEA the Board have been considering a number of scenarios. Having further considered input from EIOPA and the UK regulators, the Council and Board approved the proposed transfer approach in June 2018 as the transfer gives the most certain and final outcome. Whilst some insurers have already progressed with similar Brexit transfer plans, the position with the Lloyd's market is unique and that needed to be considered fully before proceeding.
1. Rationale / Brexit	1.9	<i>What happens if there is an extension to the current transition period, will the Part VII continue as currently planned within the same timeframe?</i>	An extended transition period on the same terms as the current transition will still require a solution to the EEA claims position, even if it is at a later date. In anticipation of the service continuity requirement arising at a later date and in order to take advantage of the legal certainty that exists prior to the Transition End Date, the transfer will continue in line with current plans. The UK Government has stated that it does not intend to request an extension to the transition period and the UK Parliament has passed legislation to implement this intention as well.
1. Rationale / Brexit	1.10	<i>What is proposed and Why?</i>	It is proposed that EEA non-life policies (or parts thereof) allocated to a year of account from 1993 – 2020 (inclusive) be transferred to Lloyd's Insurance Company S.A. in Brussels (Lloyd's Brussels), a wholly owned subsidiary of the Society of Lloyd's. However, policies which are subject to Lloyd's regulatory licences in Australia, Canada, Hong Kong, Singapore, South Africa and/or Switzerland will not transfer. After the end of the transition period, currently expected to cease on 31 December 2020, Lloyd's members may not be able to service existing EEA business without legal or regulatory breach in various EEA member states as passporting rights will cease. New business has been provided with a route through to Lloyd's Brussels: writing new and renewal EEA non-life business from 1 January 2019.
1. Rationale / Brexit	1.11	<i>Why is life insurance business not covered by the Scheme?</i>	Only a very small proportion of business underwritten by Members is life insurance business. Such business cannot be included in this proposed transfer as Lloyd's Brussels is not, and cannot, be authorised to carry on life insurance business. The affected Managing Agents are planning their own solution for the management of life business following Brexit.

1. Rationale / Brexit	1.12	<i>Why did you have a preliminary High Court hearing on 20 November 2018 and what was the outcome?</i>	<p>We held a preliminary hearing at the High Court in 2018 to seek clarity on certain key principles that underpin Lloyd's approach to the transfer given the unique size, nature and complexity of the Lloyd's market and the proposed Part VII transfer.</p> <p>The key points in the non-binding Court order (outcome) were:</p> <ol style="list-style-type: none"> (1) the transfer could proceed as a single transfer on behalf of all Lloyd's members from 1993 onwards (note that in order to give effect to this, the Lloyd's Council made directions for members at its September 2018 meeting); (2) the transfer is centrally coordinated by Lloyd's; (3) the transfer is in respect of all EEA business where managing agents will not be able to service that business post-Brexit ("Transferring Business"); (4) the identification of some Transferring Business will only be possible after the transfer date as claims arise; and (5) policies that include both EEA and non-EEA risks will be split. <p>This preliminary hearing produced a very positive outcome for Lloyd's as it enabled us to proceed as we planned, subject to ongoing regulatory and High Court approvals.</p>
1. Rationale / Brexit	1.13	<i>What does the European Insurance and Occupational Pensions ("EIOPA") Authority think about this?</i>	<p>EIOPA have encouraged insurers and market bodies to act given the likely uncertainty of the business and regulatory regime post-Brexit.</p> <p>On 28 February 2020, the PRA also wrote to firms (including Lloyd's) with outstanding European liabilities, noting EIOPA's position and cautioning reliance on transitional measures and reliance on EU domestic run-off regimes.</p>
1. Rationale / Brexit	1.14	<i>What do National Competency Authorities ("NCAs") think about this?</i>	<p>The EEA regulators will continue to follow the Insurance Business Transfer protocols during the agreed post-Brexit transition period as EU law continues to apply. Lloyd's has also engaged with US regulators.</p>
1. Rationale / Brexit	1.15	<i>Why have you excluded some jurisdictions from the Scheme?</i>	<p>Policies connected with Australia, Canada, Hong Kong, Singapore, South Africa and Switzerland (Excluded Jurisdictions) have been excluded from the Scheme because they are subject to licensing requirements which apply to Lloyd's business as a whole which makes it unfeasible or impractical to transfer the Policies to Lloyd's Brussels. These requirements include countries which impose local trust deed or other deposit arrangements.</p>
1. Rationale / Brexit	1.16	<i>What are these Excluded Jurisdictions?</i>	<p>Australia, Canada, Hong Kong, Singapore, South Africa and Switzerland</p>
1. Rationale / Brexit	1.17	<i>Is the United States an Excluded Jurisdiction?</i>	<p>No. EEA policies which either cover US risk or which cover EEA risk but have been issued to a US policyholder will be subject to the Scheme.</p>
2. Transfer Process	2.1	<i>What is the Effective Date?</i>	<p>Effective Date means the time and date on which the Scheme of transfer shall become effective. This is currently expected to be on or around 30 December 2020.</p>
2. Transfer Process	2.2	<i>What is the Scheme?</i>	<p>The Scheme is the document that sets out the terms of the transfer. It is a legal document, sanctioned by the High Court of England and Wales.</p>

2. Transfer Process	2.3	<i>Who is the Transferor?</i>	The Members, who are represented for the purposes of this Scheme by Lloyd's. Pursuant to the Lloyd's Order, on 20 September 2018 the Council of Lloyd's certified that Lloyd's has authority to act as transferor on behalf of the Members for the purposes of this Scheme.
2. Transfer Process	2.4	<i>Who is the Transferee?</i>	The Transferee is Lloyd's Insurance Company S.A (Lloyd's Brussels) is a Belgian incorporated insurance company which is a wholly owned subsidiary of Lloyd'. It is authorised as an insurance company by the National Bank of Belgium. The Transferee is authorised under Belgian law to effect and carry on insurance business in all EEA States for the same classes of insurance as are to be transferred to it under the Scheme
2. Transfer Process	2.5	<i>What is an insurance business transfer (Part VII)?</i>	Part VII of the Financial Services and Markets Act 2000 requires transfers of insurance business to be effected by an insurance business transfer scheme sanctioned by the High Court of England and Wales. Part VII currently allows for the transfer of insurance business from a regulated UK insurer to an EEA insurer without the need for individual policy novation or policyholder consent. Part VII also covers Lloyd's of London business. It is a common legal mechanism used for restructuring insurance business, in this case allowing for EEA non-life risks to transfer and for EEA non-life risks to be split from non-EEA risks and transferred to Lloyd's Brussels. Part VII has been used by many other UK insurers in the context of Brexit to transfer EEA insurance policies to European insurers.
2. Transfer Process	2.6	<i>What is the legal process for effecting the proposed transfer?</i>	<p>Under Part VII, the High Court of England and Wales will be asked to approve (sanction) a Scheme that effects the transfer of the in-scope business. There are two separate Court hearings, separated by a policyholder notification exercise targeted at policyholders and other stakeholders. The notification exercise is mandatory under the legislation and the regulatory framework for Part VII gives policyholders and other affected persons the right to object to the Scheme.</p> <p>The Court comes to its decision based on the evidence submitted – Witness Statements (including the communications proposals and any waivers from the requirement to notify certain parties), the Scheme, a Report for the Court from an Independent Expert (IE), draft Orders, responses and objections (if any) from policyholders and supporting ancillary documentation.</p> <p>The Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) are also expected to each produce a Court report for each hearing. Lloyd's will be represented at the hearings by a barrister (QC) and the PRA and FCA have the right to be similarly represented. Lloyd's QC will present his arguments and the judge will hear from the PRA and FCA. Policyholders can represent themselves at Court or choose to be represented.</p> <p>Any Policyholder objections received following the notifications exercise will be considered by the PRA, FCA and the IE and at Court. If the Scheme is sanctioned, the Court will produce a stamped Court Order which gives the transfer full effect under the law – the transfer is deemed to have occurred at the stated Scheme Effective Date, currently 30 December 2020.</p>
2. Transfer Process	2.7	<i>When will the business transfer and where is it transferring to?</i>	The proposed transfer Effective Date is 30 December 2020 which provides a short period of time before the expected end of the Transition Period on 31 December 2020. This will enable an orderly continuity of servicing. On the Effective Date, transferring EEA Policies will be transferred to Lloyd's Brussels. To avoid any potential delays from running multiple transfers, it has been decided that centralising EEA policies to a single location (Brussels) is more effective.

2. Transfer Process	2.8	<i>Who is the Independent Expert, what are their duties and who pays for their expertise?</i>	<p>The IE is Mr Carmine Papa, an experienced market professional. Carmine Papa is a partner of PKF Littlejohn LLP and has been involved in auditing and advising the Lloyd's and London insurance market since 1983. He has worked with Lloyd's syndicates, insurance companies, managing agents and members. Carmine has advised on the establishment of both new syndicates and managing agents and has a wealth of Lloyd's and market experience. Carmine can call on the, additional expertise available to him at PKF Littlejohn and has further access to actuarial consultancy resources.</p> <p>His appointment has been approved by the PRA in consultation with the FCA. The IE will work closely with the PRA, FCA and the NBB before finalising his report(s). The IE is required to opine on whether any group of policyholders or other interested parties will be materially adversely affected by the Scheme. The duty of the IE is to the High Court. Although the IE is approved by the PRA in consultation with the FCA and his duty is ultimately to the High Court, it is Lloyd's who is required to pay his costs, in full.</p>
2. Transfer Process	2.9	<i>When and where is the High Court hearing to consider the proposed Transfer?</i>	<p>There are scheduled to be two hearings:</p> <ol style="list-style-type: none"> 1. Directions (initial) Hearing – 12 May 2020; and 2. Sanction (final) Hearing – 18 November 2020. <p>If sanctioned, the Scheme would then come into effect on 30 December 2020. From 31 December 2020 the EEA policies (or the EEA part of policies) will have transferred to Lloyd's Brussels.</p>
2. Transfer Process	2.10	<i>Are policyholders entitled to vote on these proposals?</i>	<p>No. This is not like a shareholder meeting – there are no voting rights. Policyholders and any other person who alleges that he or she would be adversely affected by the carrying out of the Part VII transfer have the right to object to the proposals. Please refer to <How to Object or Raise Concerns> for more information.</p>
2. Transfer Process	2.11	<i>Can the Part VII be blocked?</i>	<p>The decision and discretion to approve an insurance business transfer under Part VII of Financial Services and Markets Act 2000 (FSMA) lies with the High Court. Part VII of FSMA is a powerful statutory process. There are a number of strong protections/obligations which, if not satisfied, can prevent the Part VII happening in part or full. If the FSMA requirements are not fulfilled to the satisfaction of the Court, the Scheme may not be sanctioned by the Court.</p>

2. Transfer Process	2.12	<i>What safeguards are there in the transfer process</i>	<p>The safeguards are both statutory and regulatory and there are four key safeguards of the Part VII process:</p> <p>1) Independent Expert (IE). A non-conflicted industry expert whose appointment has been approved by the Prudential Regulation Authority (PRA) in consultation with the Financial Conduct Authority (FCA). The IE's duty is to the High Court. The IE must determine whether policyholders suffer a 'material adverse effect' as a result of the transfer.</p> <p>2) Policyholder notification and their rights to engage with proceedings and also object. The Part VII legislation requires that all direct policyholders must be notified of the proposed transfer in advance (although it is possible to seek waivers from the requirement to notify certain policyholders and other interested parties). Policyholders must be given 'not less than six weeks' notice of the transfer and have the right to question or object to the transfer. They also have the right to be represented at or attend Court.</p> <p>3) Regulators - The consultation process with the PRA and FCA is lengthy and detailed. The PRA has to be satisfied with the prudential aspects of the Scheme having regard to the PRA's statutory objectives; the FCA with the conduct and, in particular, the policyholder communications (notifications) aspects of the Scheme. Both will see and, where necessary, comment on the core documents e.g. the Scheme; Legal Notice; Policyholder Notification strategy and the Independent Expert's Reports.</p> <p>Both regulators will produce separate reports for the High Court hearings. Both regulators are expected to be represented by counsel at the High Court.</p> <p>4) High Court - The Court will give due consideration to the proposed transfer having reviewed all core documents, the reports of the PRA and FCA and the responses from policyholders and other interested parties, in particular any objections to the proposals.</p>
2. Transfer Process	2.13	<i>Have the PRA or FCA reviewed the proposals?</i>	<p>The PRA and FCA have been, and will continue to be, consulted on and assess our proposals. They are both an integral part of the statutory process. They will each produce reports for the High Court to consider and, ultimately, will be asked whether or not they object to the proposals. The High Court will place reliance on their separate findings particularly with regard to the prudential aspects of the Scheme and compliance with relevant regulations relating to Part VII transfers and the conduct of business and the execution of the policyholder notification exercise.</p>
2. Transfer Process	2.14	<i>What does the National Bank of Belgium and the Financial Services and Markets Authority of Belgium think about this?</i>	<p>Lloyd's Brussels is required to consult with the National Bank of Belgium (NBB) and the Financial Services and Markets Authority similarly to the PRA and FCA. So far, they have been supportive of our proposals. We expect that the NBB to keep the proposals under review until the Effective Date.</p>
2. Transfer Process	2.15	<i>Have the proposals been discussed with HMRC?</i>	<p>Yes. However, HMRC usually reserve their opinion until they have seen final form versions of the Scheme and Independent Expert's Report.</p>
2. Transfer Process	2.16	<i>Which law will govern claims on transferring business?</i>	<p>The law under which the contracts were written is usually English law.</p>

3. Impacts of the Transfer	3.1	<i>What do I need to do?</i>	<p>As a policyholder of a policy that could be transferring or as a different interested party, we request that you familiarise yourself with the proposals. Please read all the information available on this website and ensure that everyone covered under the policy is made aware of the proposed transfer.</p> <p>If your policy is a group arrangement, Lloyd's will support you in making your policyholders and any other beneficiaries aware of the proposals. Please contact us if you require support.</p> <p>Any person who believes that they would be adversely affected by the proposed transfer has a right to attend the High Court hearing scheduled for 18 November 2020 and object to the proposed transfer, either in person or by representative. If you, or your representative, plan to attend the High Court hearing, we would ask that you make us aware, so that we can keep you informed of any changes to the hearing, such as time or date.</p> <p>You may also object to the proposed transfer by telephone or in writing to Lloyd's using the contact details below. We will make a record of your objection and communicate this to the PRA, the FCA, the Independent Expert and the High Court. More information on how to raise any concerns and objections are available at <How to Object or Raise Concerns>.</p>
3. Impacts of the Transfer	3.2	<i>I don't recognise having a policy at Lloyd's, what do I need to do?</i>	<p>Your policy, or a policy you are a claimant on, is or has been in the past underwritten at Lloyd's. Please contact your normal market representative using our Market Directory at https://www.lloyds.com/.</p>
3. Impacts of the Transfer	3.3	<i>There are other policyholders attached to this policy, will they be notified?</i>	<p>With the assistance of market participants, Lloyd's is notifying the usual point of contact for each transferring policy. Where there are other parties with an interest in the policy, including those with a beneficial interest, that are known to the point of contact, Lloyd's requests that they are also made aware of the proposals. If you require assistance in making the notification, please contact us</p>
3. Impacts of the Transfer	3.4	<i>My policy has expired, why have you notified me?</i>	<p>The liability under certain policies extends beyond the expiration date of the policy. As a consequence of this, the policyholder retains a beneficial interest in the policy and therefore, the policyholder must be notified.</p>
3. Impacts of the Transfer	3.5	<i>Will my policy or any policy be less secure following the transfer</i>	<p>The Independent Expert has concluded that no policy will be materially adversely affected as a result of the Scheme.</p>
3. Impacts of the Transfer	3.6	<i>What is the effect of the proposed transfer and what happens at the effective date?</i>	<p>From the Effective Date, all transferring policies, transferring assets and transferring liabilities will transfer to Lloyd's Brussels. Please refer to the <Summary of the Terms of the Scheme> for more information.</p>
3. Impacts of the Transfer	3.7	<i>What if a policy covers both EEA and non-EEA risks?</i>	<p>The Scheme, if sanctioned, will transfer all policies where the policyholder is domiciled in the EEA or where all risks on the policy are located in the EEA. For those policies where part of the risk is in the EEA, only the EEA element of the risk will be transferred to Lloyd's Insurance Company S.A. (Lloyd's Brussels) and leaving the non-EEA risks unmoved and unchanged. Currently this will be recognised in the EEA under the European Insurance Directive (Solvency II). The policy will remain intact – new policies will not need to be issued. Instead the policy will be endorsed to recognise the co-location of risk – EEA and non-EEA.</p>

3. Impacts of the Transfer	3.8	<i>Will there be any changes to policy Terms & Conditions?</i>	No, except that Lloyd's Insurance Company S.A. (Lloyd's Brussels) will become the insurer and Data Controller in respect of EEA policies. The proposed transfer has been carefully designed to ensure that it will not change how policies operate, or your relationship with your market representative.
3. Impacts of the Transfer	3.9	<i>Will policyholders be compensated as a result of the Part VII Transfer?</i>	No. No cash benefits accrue or are payable in connection with the proposed transfer.
3. Impacts of the Transfer	3.10	<i>What happens to on-going claims, complaints, court proceedings and/or arbitrations (including conduct liabilities)?</i>	All 'in-flight' activity in respect of transferring policies will be assumed by Lloyd's Insurance Company S.A. (Lloyd's Brussels), excluding conduct liabilities and other non-insurance liabilities (see below). Please refer to the <Summary of the Terms of the Scheme> for more information around Continuity of Proceedings. Any action or other legal or administrative proceedings, claim or complaint in respect of conduct liabilities or any other non-insurance liabilities will remain with the Members or their Managing Agent. Conduct liabilities means any liability which results from or arises in connection with the sale, management or conduct of the Transferring Policies prior to the Effective Date by or on behalf of the Member or any agent of the Member.
3. Impacts of the Transfer	3.11	<i>If my policy is transferred, to whom do I complain with regard to the sale, management or conduct of my policy?</i>	Any complaint in respect of the sale, management or conduct of a Transferring Policy that occurred prior to the Effective Date of the Transfer will remain with the Members or their Managing Agent. The process for making such complaint is set out at: https://www.lloyds.com/policyholder/policyholder-complaint Any complaint in respect of the management or conduct of a Transferring Policy after the Effective Date of the Transfer, should be made against Lloyd's Brussels. The process for making such a complaint is set out at: https://www.lloydsbrussels.com/complaints
3. Impacts of the Transfer	3.12	<i>Will the Financial Services Compensation Scheme ("FSCS") cover be lost following transfer?</i>	Broadly, if you are a Transferring Policyholder who is an 'eligible claimant' with a 'protected claim' under a policy which transfers to Lloyd's Brussels, where the claim relates to an act or omission which occurs before the transfer, then that claim will continue to be protected by the FSCS in the event of Lloyd's Brussels becoming insolvent. If your claim relates to an act or omission which occurs after the Transfer then, because Lloyd's Brussels intends to have an authorised UK branch, FSCS cover should still continue to apply to 'protected claims'. So, for example, if you are an individual who has a claim under a motor policy which is transferring to Lloyd's Brussels, you should still continue to benefit from FSCS protection. Branch authorisation from the PRA is not guaranteed though there is no reason to date to consider that it would not be authorised. However, in the event that Lloyd's Brussels UK branch is not authorised, FSCS cover will not be available for such claims. You can read more on this in section 7.11 of the Independent Expert report.

3. Impacts of the Transfer	3.13	<i>Will the Financial Ombudsman Services (“FOS”) access be lost following transfer?</i>	<p>Broadly, if you are a Transferring Policyholder who is an ‘eligible complainant’ (such as an individual or small business) with a complaint about an act or omission of a Member or Managing Agent which occurred before the Transfer then your access to FOS for such complaint will continue after the Transfer. Where the complaint relates to a matter which transferred to Lloyd’s Brussels, then Lloyd’s Brussels will be responsible for responding to the FOS. Where the complaint relates to a matter which did not transfer to Lloyd’s Brussels (for example, Conduct Liabilities which do not transfer to Lloyd’s Brussels under the Scheme) then the Member or Managing Agent will continue to be responsible for responding to the FOS.</p> <p>If you are a Transferring Policyholder who is an ‘eligible complainant’ with a complaint about an act or omission of Lloyd’s Brussels which occurs after the Transfer then you will generally only have the benefit of FOS cover if the act or omission by Lloyd’s Brussels took place in the UK. As a result, you should be aware that there is a risk that there are circumstances in which you may not have recourse to FOS for such a complaint after the Transfer. You can read more on this in section 2 and 7 of the Independent Expert Report.</p> <p>If you are a Transferring Policyholder who is an ‘eligible complainant’ with a complaint about an act or omission of Lloyd’s Brussels which occurs after the Transfer then you will generally only have the benefit of FOS cover if the act or omission by Lloyd’s Brussels took place in the UK. As a result, you should be aware that there is a risk that there are circumstances in which you may not have recourse to FOS for such a complaint after the Transfer. You can read more on this in section 2 and 7 of the Independent Expert Report.</p>
3. Impacts of the Transfer	3.14	<i>Lloyd’s has stated that it will “pay all valid claims”. How would it achieve that?</i>	<p>The Part VII process, as described above, will put in place an EEA compliant claims fulfilment procedure that will allow valid EEA claims to be paid in the same way as pre-Transfer and in the same way as non-EEA claims. There will be no changes to the way claims are required to be notified.</p>
3. Impacts of the Transfer	3.15	<i>Will the protection of the Lloyd’s chain of security be lost following transfer?</i>	<p>Lloyd’s chain of security comprises three links:</p> <ul style="list-style-type: none"> i. Syndicate level assets ii. Members’ funds held at Lloyds, and iii. Lloyd’s central assets (including the Central Fund). <p>The first two links are held in trust primarily for the benefit of Policyholders and they can only be used to settle a Member’s liability for policies either directly written by that member or reinsured by that Member through the Reinsurance to Close process.</p> <p>The third link contains mutual assets held by Lloyd’s which are available, subject to Lloyd’s discretion, to meet any Members’ insurance liabilities, which cannot be met out of any of the Members own funds.</p> <p>Post-transfer a policyholder will have a claim against Lloyd’s Brussels which in turn will have reinsurance with members of syndicates. Lloyd’s will continue to have the discretion to use the Central Fund to support those members in the event that they need it to ensure that their Lloyd’s underwriting obligations are met (including but not limited to their reinsurance liabilities to Lloyd’s Brussels).</p>

3. Impacts of the Transfer	3.16	<i>Do policies have to be novated – won't that prove impractical?</i>	The advantage of the Part VII transfer is that contracts do not require novation. No acknowledgement, acceptance or signature is required of the contracting party – the contracts, subject to the approvals and protections above, automatically and irrevocably, transfer on the Scheme Effective Date, following sanction (approval) by the High Court of England and Wales.
3. Impacts of the Transfer	3.17	<i>How will limits and sub-limits of split policies be apportioned?</i>	Directly in line with current business as usual practice on a risk weighted basis. Limits and sub limits will apply in the same way, and to the same amounts post-transfer as pre-transfer.
3. Impacts of the Transfer	3.18	<i>What are the tax implications for Syndicates?</i>	It is not anticipated that there will be any negative Syndicate tax outcomes as a result of the Scheme. However, we continue to discuss tax treatments with retained advisers and HMRC and will provide further updates to this question as we move through the process.
3. Impacts of the Transfer	3.19	<i>Will the transfer proposals affect the tax paid by policyholders?</i>	The proposed transfer is anticipated to be tax neutral for policyholders. However, we continue to discuss tax treatments with retained advisers and HMRC and will provide further updates to this question as we move through the process.
3. Impacts of the Transfer	3.20	<i>What are the reinsurance proposals?</i>	It is proposed that, through an order to be made by the High Court as part of sanctioning the Scheme, Syndicates' outwards reinsurance relating to EEA policies will be converted to retrocession contracts which sit on top of a 100% Quota Share Agreement to be entered into between Lloyd's Brussels and the Syndicates.
3. Impacts of the Transfer	3.21	<i>What about non-EEA reinsurers, how are they impacted?</i>	If a non-EEA (based) reinsurer provides cover for EEA policies, , through an order to be made by the High Court as part of sanctioning the Scheme, their policy will be converted to retrocession cover which sits on top of the Quota Share Agreement to be entered into between Lloyd's Brussels and the Syndicates. If a non-EEA based reinsurer does not provide cover for EEA policies, there will be no change to their position.
3. Impacts of the Transfer	3.22	<i>Will we have to renegotiate all our reinsurance agreements?</i>	No. Existing outwards reinsurance policies currently in place in relation to the Transferring Policies will not transfer under the Part VII Transfer. Instead, they will be converted by operation of law under the Scheme to retrocession cover attaching on top of the Quota Share Arrangement between Lloyd's Brussels and the Syndicates.
3. Impacts of the Transfer	3.23	<i>Who is paying for the transfer?</i>	Any direct costs incurred by Lloyd's required to execute the proposed transfer will be borne by Lloyd's. Policyholders will not pay any of the costs associated with the proposed transfer.
3. Impacts of the Transfer	3.24	<i>What are the impacts of the transfer?</i>	The transfer will help ensure EEA policies can be compliantly serviced after Brexit, including the payment of claims. The proposed transfer will not change policy terms and conditions, except that Lloyd's Brussels will become the insurer and Data Controller in respect of EEA policies. The proposed transfer has been carefully designed to ensure that it will not change how policies operate, or your relationship with your market representative. You will see no direct administrative change as a result of the proposed transfer. The process for making claims and any payments that may be due in settlement of a valid claim are therefore unaffected by the proposed transfer. Please continue to correspond with your usual market representative and notify claims in the usual way.

3. Impacts of the Transfer	3.25	<i>How do I get updates?</i>	<p>We recommend that you continue to review the Important Updates section of this website <Important Updates>.</p> <p>We will be keeping it updated as we progress through the transfer process, including details of any changes to Court hearing timings and outcomes. We will also publish a copy of the Independent Expert's supplementary report during November 2020.</p>
4. Notification to Policyholders	4.1	<i>Can I object to the Transfer?</i>	<p>Any person who believes that they would be adversely affected by the proposed transfer has a right to attend the High Court hearing scheduled for 18 November 2020 and object to the proposed transfer, either in person or by representative. If you, or your representative, plan to attend the High Court hearing, we would ask that you make us aware, so that we can keep you informed of any changes to the hearing, such as time or date.</p> <p>You may also object to the proposed transfer by telephone or in writing to Lloyd's using details here <How to Contact Us>.</p> <p>We will make a record of your objection and communicate this to the PRA, the FCA, the Independent Expert and the High Court. More information on how to raise any concerns and objections are available at <How to Object or Raise Concerns>.</p>
4. Notification to Policyholders	4.2	<i>Why are you writing to me?</i>	<p>The requirements of Part VII include the notification of all direct policyholders. Information provided to Lloyd's indicates that you are or have been a policyholder of a policy underwritten at Lloyd's. We have, where practicable, issued a notification to policyholders to make them aware of the proposed transfer and their right to participate in proceedings.</p>
5. Lloyd's	5.1	<i>What is Lloyd's?</i>	<p>Lloyd's of London (Lloyd's) is an insurance and reinsurance market located in the City of London. Lloyd's is not an insurance company, but rather a corporate body governed by Lloyd's Act of 1871. Lloyd's is the world's specialist insurance and reinsurance market. Under our globally trusted name, we act as the market's custodian.</p> <p>Backed by diverse global capital and excellent financial ratings, Lloyd's works with a global network to grow the insured world, building resilience of local communities and strengthening global economic growth.</p>

5. Lloyd's	5.2	<i>Who are the Members?</i>	<p>The Members are underwriting members, former underwriting members or estates of former underwriting members at Lloyd's who carried on non-life business at Lloyd's for any or all of the 1993-2020 years of account. Members provide the financial backing to the (re)insurance policies written at Lloyd's. Operating as a partially-mutualised marketplace with multiple members, grouped into syndicates, who come together to pool and spread risk.</p> <p>The underwriting members are a collection of both corporations and private individuals (individual members are also known as "Names").</p> <p>The Members are referred to as "the association of underwriters known as Lloyd's" for the purposes of the EU Directive 2009/138/EC (the Solvency II Directive). The Solvency II Directive provides that "the association of underwriters known as Lloyd's" is an authorised EU insurer. This means that a single authorisation covers all Lloyd's members. As a result of this authorisation, the Members have been able to write insurance of EEA based risk reliant on Solvency II passporting rights.</p> <p>The Members are represented for the purposes of this proposed transfer Scheme by Lloyd's. Pursuant to the Lloyd's Order, on 20 September 2018 the Council certified that Lloyd's has authority to act as transferor on behalf of the Members for the purposes of this Scheme.</p>
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