



8 July 2020

Dear Sirs

Steamship Mutual - Transfers of Insurance Business

We are writing to you to inform you of the proposed transfer of certain insurance and reinsurance business of Steamship Mutual Underwriting Association Limited (**'SMUAL'**) to Steamship Mutual Underwriting Association (Europe) Limited (**'SMUAE'**). SMUAL and SMUAE are together referred to herein as the **'Club'**. This letter refers to the proposed transfer as **'the Scheme'**.

This letter is being sent to you as the Club has identified you as a reinsurer of SMUAL or a broker of such reinsurer.

What is happening and why?

In response to the UK's decision to leave the European Union, commonly known as 'Brexit', the Club is required to make certain changes to its current business structure. These changes will provide continuity of cover to Club members based in any EEA state, Monaco or Switzerland (the **'European business'**), and will ensure that the Club can continue to service its members across Europe post-Brexit. As such the Club's board believes that the Scheme is in the best interests of the Club, and consequently its members.

From 20 February 2020, all new European business has been written, and will continue to be written, by SMUAE. To complete the restructure of the Club's European business, the Club intends to carry out an insurance business transfer of the existing European business of SMUAL to SMUAE under Part VII of the Financial Services and Markets Act 2000.

When will the Scheme take effect?

Pursuant to the terms of the Scheme, the insurance and reinsurance business of SMUAL relating to the European business will be transferred to SMUAE on 20 December 2020. The Scheme is subject to the approval of the High Court of Justice in England (the **'Court'**) at a hearing due to be held on 2 December 2020.

What is the impact on reinsurance business?

If the Scheme is approved, the insurance and reinsurance business of SMUAL in respect of the European business will transfer to SMUAE at noon GMT on 20 December 2020 (the **'Effective Time'**). All rights and liabilities of SMUAL arising from the transferring business under any reinsurance contracts entered into by a reinsurer with SMUAL will



become rights and liabilities of SMUAE and all rights and liabilities which reinsurers and other parties currently have against SMUAL in respect of the transferring business will become enforceable against SMUAE. From the Effective Time, all transferred policyholders will become members of SMUAE instead of SMUAL.

How are policyholder, reinsurer and other parties' interests being protected?

The Independent Expert

Ms Ruth Nelmes of Ernst & Young LLP has been appointed by the Club to act as an independent expert (the '**Independent Expert**') in relation to the Scheme and her appointment has been approved by the Prudential Regulation Authority ('**PRA**'). Ms Nelmes's priority and overriding duty is to the Court. She has produced a Scheme Report which has been presented to the Court. The Scheme Report sets out her opinion that :-

- the security provided to policyholders will not be materially adversely affected after the Scheme
- no group of policyholders would be adversely affected to a material extent by the Scheme
- the level of customer service provided to policyholders would be unaffected by the Scheme
- there are also no other parties (e.g. reinsurers) who will be materially adversely affected by the Scheme and that
- therefore, there is no reason why the Scheme should not go ahead.

The Clubs' Regulators

The Club has consulted with the PRA and the Financial Conduct Authority ('**FCA**') in the UK as well as the Insurance Companies Control Service in Cyprus ('**ICCS**') regarding the proposed Scheme and, to date, the Club has not received an objection from the PRA, the FCA or the ICCS. The PRA, FCA and ICCS will continue to consider the proposed Scheme and will take into account any objections received from policyholders and other key stakeholders. Should the PRA, FCA or the ICCS develop any concerns regarding the impact of the Scheme on policyholders we will make these known to the Court at the hearing on 2 December 2020.

We have no reason to believe that, if the Court approves the transfer, there would be any adverse consequence with regard to any rights or liabilities in respect of reinsurances which are to transfer to SMUAE.

Who will bear the costs of the Scheme?

All costs and expenses of the Scheme shall be borne by SMUAL.

Where are the Scheme Documents?

STEAMSHIP INSURANCE MANAGEMENT SERVICES LIMITED

Authorised and regulated by the Financial Conduct Authority

AQUATICAL HOUSE 39 BELL LANE LONDON E1 7LU

Tel: +44 20 7247 5490 Website: www.steamshipmutual.com

(Registered in England and Wales – Registration number 3855693. FCA registration number 314468)



A statement containing a summary of the Scheme and the Scheme Report along with the Scheme and the Scheme Report themselves can be viewed on the Club's website at <http://www.steamshipmutual.com/About-Us/restructure.htm>. If you have any difficulty accessing the documents on our website you may request us to send you copies by contacting Graham Jones at graham.jones@simsl.com or by writing to him at Steamship Insurance Management Services Limited, Aquatical House, 39 Bell Lane, London E1 7LU.

Alternatively, you can request these documents free of charge by calling Graham Jones on +44 (0)20 7650 6534 during normal office hours.

What should you do?

Please read the information we have included in this letter to make sure that you understand what the Club is proposing to do.

Brokers

If you are or were a broker of a reinsurer of SMUAL please can you provide a copy of this letter to the relevant reinsurer(s) as soon as possible. If you are no longer a broker of a reinsurer of SMUAL (or if you have the address of someone else that we should instead contact in relation to the Scheme) then please send the contact details of the reinsurer that you used to represent (or of such other persons whom you wish us to contact) by email or by writing to Graham Jones using the contact details listed in the "Where are the Scheme Documents" section above.

Reinsurers

Any person who considers that they would be adversely affected by the carrying out of the Scheme is entitled to appear at the hearing and make representations in person and/or to instruct a barrister or solicitor advocate to appear at the hearing and make representations on his or her behalf and/or to make written representations without appearing at the hearing. The application will be heard on 2 December 2020 by a Judge of the Business and Property Courts of the High Court at The Rolls Buildings, 7 Rolls Buildings, Fetter Lane, London EC4A 1NL.

If you do not have concerns about the Scheme

If you are a reinsurer of SMUAL then, unless you have any concerns about this proposal, you do not need to do anything. There is no need to reply to this letter if you have no objection to the proposed transfer.

If you have concerns about the Scheme



STEAMSHIP MUTUAL

If you do intend to present any objections to the proposed transfer because you believe you would be adversely affected by the Scheme, or you otherwise object to the Scheme, please email or write to Graham Jones using the contact details listed earlier, as soon as possible and no later than 20 November 2020 giving your reasons for any objection you may have.

Where can further information be found?

Further information regarding the proposed Scheme and its implications can be found on the Club's website at <http://www.steamshipmutual.com/About-Us/restructure.htm>.

Yours faithfully

Graham Jones

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