



AIEL Communication to its Managing General Agents – 1 December 2020

Update on AIEL's UK Branch

Introduction

This is to update you on the position of Accredited Insurance (Europe) Limited (AIEL) in advance of the end of the Brexit Transition Period at 11 p.m. on 31 December 2020.

Current Arrangements

Under the Withdrawal Agreement which came in to force on 1 February 2020, AIEL has continued to benefit from EEA authorisation and passporting. AIEL established a UK branch of an overseas firm on a Freedom of Establishment basis. It underwrites the full range of policies for which AIEL has permissions in Malta, benefiting from AIEL's A.M. Best A- financial strength rating. Its primary regulator is the MFSA in Malta, although policies issued by the branch are required to meet UK (Financial Conduct Authority) regulatory standards.

AIEL's Brexit Plan

In March 2020, AIEL applied to convert this Freedom of Establishment UK branch into a Third Country UK branch, to enable it to underwrite UK business and settle UK claims in the UK itself, i.e. not dependent upon EEA authorisation and passporting. The application is continuing to be considered by the UK regulators, the Prudential Regulation Authority and the Financial Conduct Authority.

"No Deal Brexit"

Negotiations between the UK and the EU on a Deal to take effect upon the expiry of the Transition Period are continuing. In the event of there being "No Deal", the Temporary Permissions Regime (TPR) will take effect. Through the TPR, AIEL will have a "deemed Part 4A permission" to carry on its existing activities in the UK for a maximum of three years. During this period, AIEL would expect to have permission granted for its Third Country UK Branch.

Disclosure Requirements

As a result of the above, the regulatory disclosure requirements will change slightly, with reference having to be made to the “deemed variation of permission” through the TPR. Our planned disclosure is in accordance with the FCA rule, as set out in the FCA Handbook (GEN 4 Annex 1B Statutory status disclosure (TP firms)) * as follows:

Authorised and regulated by the Malta Financial Services Authority. Authorised by the Prudential Regulation Authority and with deemed variation of permission. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. The nature and extent of consumer protections may differ from those for firms based in the UK. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority’s website.

Accredited Insurance (Europe) Limited – UK Branch (UK Establishment Number: BR021362; FRN:608422) is the UK Branch of Accredited Insurance (Europe) Limited which is incorporated in Malta (Company number: C59505) with limited liability and with its Registered Office and principal place of business at Development House, St Anne Street, Floriana, FRN 9010 Malta.

We recommend that you implement the above wording, so that this is in effect for all policies incepting on or after 01.01.21.

* Please refer to:

<https://www.handbook.fca.org.uk/handbook/GEN/4/Annex1B.html?date=2021-01-01&timeline=True>

For MGAs Distributing Motor Insurance – Green Cards

We have previously supplied Green Card templates to all MGAs which distribute Motor Insurance. The Department of Transport and MIB have recently confirmed that insurers can use black ink on white paper and that this will satisfy the Green Card requirements.

We recommend that you ask your brokers to remind Policyholders (in anticipation of a “No Deal” Brexit) to:

1. Request a Green Card in advance of travel
2. Check and print their policy certificate so that they can identify their MGA and Insurer when driving abroad.

We recommend that the reminder is issued as soon as possible, so that it reaches Policyholders who may be planning to depart on trips on or after 1 January 2021.

In 2019, the MIB planned to put in place a facility to provide Green Cards at the key ports of Dover, Folkestone, Portsmouth, and Hull. This would have been a “fall-back” in the event of drivers reaching those ports without a Green Card. AIEL intended to participate in that facility.

We have been advised that there are now no plans for the MIB to provide Green Card services at ports. This is because of the lead time that insurers have been given to ensure their processes are in place for Green Card requirements.

Questions

If you have any questions about Brexit and the end of the Transition Period, please contact us as soon as possible. A further briefing will be issued by AIEL when the outcome of the negotiations between the UK and the EU is known.

Accredited Insurance (Europe) Limited

1 December 2020

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