

## STATEMENT FROM NORTH P&I CLUB REGARDING BREXIT

20 NOVEMBER 2017

Following the result of the UK referendum on membership of the EU in July 2016, North and Sunderland Marine have been developing contingency plans to ensure that both companies continue to have access to EU markets.

North and Sunderland Marine currently rely on EU passporting rights to insure risks located in the European Economic Area (EEA). Details of the future UK/EU trading relationship and its implementation are currently unknown and subject to ongoing negotiations between the EU and the UK government. However, our expectation is that North and Sunderland Marine's existing passporting rights will ultimately be lost either immediately upon termination of the UK's EU membership or at the end of any agreed transition period.

Due to the ongoing uncertainty surrounding the future regulatory landscape, and a realistic prospect that passporting rights could be lost as early as 29 March 2019 on expiry of the current two year Article 50 notice period, it was agreed at a meeting of the North Board of Directors on 8 November 2017 that a subsidiary insurance company should be established in Ireland to underwrite all future EEA business of North and Sunderland Marine with effect from 20 February 2019.

The decision to locate the subsidiary in Ireland follows an extensive horizon scanning exercise during which a number of possible locations were considered. Key reasons for choosing Dublin include:

- The regulatory, legal and taxation framework in Ireland is similar to the UK, where North is an experienced operator;
- A mature regulatory system with substantial experience in the supervision of Solvency II insurance companies;
- A strong talent pool within the financial services sector;
- Easy travel connections from Newcastle;
- The ability to conduct business in English.

The structure and local operations of the Irish subsidiary are subject to on-going investigation and a future announcement will be made in respect of these issues during implementation phase of our contingency plans, which is expected to commence during the first quarter of 2018.

## ENDS

1. North P&I Club is a leading global marine insurer providing P&I, FD&D, war risks and ancillary insurance to 140 million GT of owned tonnage. Through its guaranteed subsidiary Sunderland Marine, North is also a leading insurer of fishing vessels, small craft and aquaculture risks. The Standard and Poor's 'A' rated Club is based in Newcastle upon Tyne, UK with regional offices and subsidiaries in China (Hong Kong and Shanghai), Greece, Japan, Singapore and Sunderland Marine offices worldwide. North is a leading member of the International Group of P&I Clubs (IG), with over 12% of the IG's owned tonnage. The 13 IG clubs provide liability cover for approximately 90% of the world's ocean-going tonnage and, as a member of the IG, North protects and promotes the interests of the international shipping industry. For further information visit: [www.nepia.com](http://www.nepia.com)