

North of England Protecting and Indemnity Association Limited (“North”)

Post-Brexit Trading Arrangements

This document has been prepared to inform our Members and policyholders about the impact of the withdrawal of the United Kingdom from the European Union (“Brexit”) upon their contractual relationship with North and the services that North provides to them. It is also relevant to beneficiaries of insurance contracts concluded by North with its Members and policyholders.

1. What contingency measures have been taken by North in response to Brexit?

North has incorporated a subsidiary insurance company, North of England P&I Designated Activity Company, in Ireland. North of England P&I Designated Activity Company was authorised as a non-life insurance company by the Central Bank of Ireland on 31 December 2018 and will underwrite all of North’s future EEA business with effect from 20 February 2019. Future non-EEA business will continue to be underwritten by North. As a result, North is moving away from its current operating structure of ‘one club, one company’ to a new ‘one club, two company’ operating structure.

2. Why was it necessary for North to implement these contingency measures?

North currently relies on permissions granted under the European Union’s financial services passporting regime to insure risks located in the EEA (European Economic Area). North’s expectation is that its existing ‘passporting rights’ will ultimately be lost upon termination of the UK’s EU membership. The contingency measures were therefore necessary to ensure continuity of service to North’s EEA Members and policyholders.

3. What are the effects of these contingency measures on Members and policyholders?

From 20 February 2019 onwards:

- New entries and renewals of business for Members and policyholders with an EEA place of management will be insured by North of England P&I DAC. All contracts of insurance and related documentation for EEA insurance business (including certificates of entry and blue cards) will therefore be issued and administered by North of England P&I DAC.
- New entries and renewals of business for Members and policyholders with a non-EEA place of management will continue to be insured by North. All contracts of insurance and related documentation for non-EEA insurance business (including certificates of entry and blue cards) will therefore be issued and administered by North.
- Contracts of insurance concluded by Members and policyholders with North prior to 20 February 2019 will continue to be valid and enforceable. North will continue to fulfil these contracts of insurance in accordance with their terms, including any existing and future claims.

- All contracts of insurance issued by North and North of England P&I DAC before and after 20 February 2019 will continue to be serviced by North's existing global workforce. Members and policyholders will not experience any changes to the personnel that they normally deal with or the high quality service that they receive under North's existing, pre-Brexit structure.
- All contracts of insurance issued by North and North of England P&I DAC for P&I, FD&D and War Risks will be subject to a common set of rules and governed by English Law. Full details of the applicable rules of each class of business for the 2019/20 policy year will be confirmed to Members and policyholders via circular in the usual manner prior to 20 February 2019.

4. How is North of England P&I DAC regulated?

North of England P&I DAC is authorised and regulated by the Central Bank of Ireland as a non-life insurance business. For further information, including contact details, please refer to the Central Bank's website: <https://www.centralbank.ie/home>.

5. What credit rating has North of England P&I DAC been assigned?

North of England P&I DAC has received an 'A' (stable) rating from Standard & Poor's. This is the same credit rating as North.

6. Is North of England P&I DAC a member of the International Group of P&I Clubs?

Yes. North of England P&I DAC has been granted membership of the International Group as a Linked Affiliated Association of North.

7. Who are the Directors of North of England P&I DAC?

The Board of North of England P&I DAC has been established, with:

- Pratap Shirke, Chairman of the Board, complementing his current role as Chairman of North.
- Paul Jennings & David Bruce as Executive Directors.
- Two local Independent Non-Executive Directors, Caitríona Somers and Rachel Panagiodis.
- Existing Group directors Peter Johnson and Alexander Lynch acting as Non-Executive Directors.

8. Who will be based at the Dublin office?

North of England P&I DAC's head office in Dublin will be managed by a team of senior executives who have already transferred from North's UK headquarters in Newcastle. The senior team based in Dublin now includes:

- David Bruce as Chief Executive Officer. David was formerly North's Group Financial Controller.
- Richard Bracken as Head of Underwriting. Richard has previously acted as the Group Director (Underwriting) responsible for the European Area.

- Geoff Potter as Risk & Compliance Officer. Previously, Geoff was North's Head of Group Compliance.

Recruitment for support roles within the office is underway and a total of eight people will be based in Dublin when the office reaches its full staff complement sometime in mid-2019.

9. Are there any tax implications for insurance contracts as a result of the contingency measures?

No changes are anticipated in relation to the taxation of insurance contracts as a result of the contingency measures.

10. Does North have any plans to transfer any contracts of insurance to North of England P&I DAC?

North is considering plans to transfer all insurance contracts issued to Members and policyholders with an EEA place of management to North of England P&I DAC. Full details of any proposed transfer and its impact will be communicated to Members and policyholders once plans are fully developed.

11. Who should I contact for more information?

Please contact your underwriter or Chris Owen, North's Group General Counsel at chris.owen@nepia.com