**Transferring to
Colonnade**

Your questions about the
transfer of policies answered

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**Your Questions Answered**

1. General Overview
	* 1. What are the proposed changes?

QBE Insurance (Europe) Limited ("**QBE**") proposes to transfer all of its general insurance and reinsurance business written through its Czech, Hungarian and Slovakian branches to Colonnade Insurance S.A. ("**Colonnade**") (the "**transfer**"). This process is known as a Part VII transfer and is effected by means of a “**Scheme**”.

* + 1. When will the transfer happen?

If approved by the High Court of Justice of England and Wales ("**Court**"), the transfer is scheduled to take effect on the **Effective Date**. It is expected that this will be 31 July 2017.

Any change to the Effective Date will be announced on the QBE and Colonnade websites.

* + 1. Which policies are transferring?

All policies written through QBE's Czech branch are being transferred.

* + 1. Why is QBE doing this?

Following a strategic review, QBE decided to cease writing business in the Czech Republic, Hungary and Slovakia. This decision was part of our strategy to focus on core markets where we can continue to develop leading positions in our chosen specialisms.

1. More about Colonnade
	* 1. What type of company is Colonnade?

Colonnade is a Luxembourg insurance company, with branches in the Czech Republic, Hungary and Slovakia. You can find out more about Colonnade and its branch in the Czech Republic by visiting [www.colonnade.cz](http://www.colonnade.cz). Colonnade is part of the Fairfax group, the ultimate parent company of which is a Canadian holding company, Fairfax Financial Holdings Limited (**Fairfax Financial**), listed on the Toronto Stock Exchange. Through its subsidiaries, Fairfax Financial writes a wide variety of property and casualty insurance and reinsurance business in a number of territories, including Canada, the US, Europe and Asia. Fairfax Financial is a company of considerable financial strength. As at 31 December 2015, it had excess assets of approximately US$12 billion.

* + 1. Does Colonnade have extensive operations in the Czech Republic, Hungary and Slovakia?

Colonnade, with its recent acquisition of QBE’s administrative operations in the Czech Republic, Hungary and Slovakia, has over 200 employees. Each of Colonnade’s branches is led by a general manager with extensive experience in his respective market, who is supported by strong teams of underwriting and claims professionals.

Through its existing experienced teams and with the support of Fairfax, Colonnade is committed to serving the needs of its policyholders and to the long-term growth of its operations in each of the Czech Republic, Hungary and Slovakia.

* + 1. Why did QBE choose Colonnade for this?

Colonnade is part of the Fairfax group (an international group that is well-regarded within the markets in which it operates) and is committed to business in the Czech Republic, Hungary and Slovakia and, by building on the expertise and platform acquired from QBE, to developing an ongoing insurance proposition in the region. Colonnade and QBE have similarly high standards in terms of underwriting quality and Colonnade is committed to developing a very strong brand, focussed on high-quality product and service offerings to its customers in the Czech Republic, Hungary and Slovakia.

1. More about the Transfer Process
	* 1. What is the transfer?

It is a process under Part VII of the UK Financial Services and Markets Act 2000 that enables groups of insurance policies to be moved between two insurers. The insurers involved can either be in the same insurance group or from different corporate groups (as in this instance). An application must be approved by the Court before the transfer can go ahead. The applicable regulations require the Companies to appoint an Independent Expert, approved by the Regulators, who looks at the impact of the proposed transfer on the various groups of affected policyholders, and submits a report to the Court. Policyholders must be notified and given time to consider the proposals, and they have a right to object or raise concerns if they feel they would be adversely affected.

* + 1. Where and when will the Court Hearing take place?

The Court Hearing will be at the High Court of Justice, 7 Rolls Building, Fetter Lane, London, EC4A 1NL, UK on 13 July 2017. You'll be able to check on the QBE website (<http://czech.qbeeurope.com/czech/> and http://www.qbeeurope.com/QIE-Colonnade-Part-VII-Information) and the Colonnade website ([www.colonnade.cz](http://www.colonnade.cz)), or by calling +420 234 094 094, after this date for information about the outcome of the hearing.

* + 1. What will happen at the Court Hearing?

The Court will consider whether the transfer adversely affects policyholders and whether it is appropriate to allow this transfer. The judge will review the witness statements and evidence presented by the Companies, and consider the reports of the Independent Expert and the Regulators. Time will be allocated to hear any objections or concerns put forward (whether in writing, by telephone, or in person) by affected policyholders or any other person who believes that they would be adversely affected by the proposals. The judge must decide whether or not it is appropriate to approve the transfer, taking all of the evidence into account. If the judge does approve the transfer, then a Court Order is made which means the Scheme will come into effect at a time specified in the Order.

* + 1. What can you do if you believe you may be adversely affected?

If you believe you may be adversely affected as a result of the transfer, then you're entitled to object or raise your concerns either in writing or by telephone in advance, or in person at the Court Hearing. You may choose to appoint legal counsel to attend the Court Hearing on your behalf. You can send your comments or concerns to us in writing at Colonnade Insurance S.A. (Part VII Transfer), Na Pankráci 1683/127, 140 00, Praha 4, Czech Republic.

Alternatively, any objections or concerns relating to the transfer notified to us by telephone to our helpline on +420 234 094 094, or in writing, will also be included in the information supplied to the Court.

Furthermore, if you are not satisfied with Colonnade as your new insurer for any reason, you are entitled to terminate your insurance policy within one month of the date of delivery of this pack. Your notice of termination must be received in writing, within this period, at the Colonnade address set out herein, following which your insurance policy shall be considered terminated after eight days following the date of receipt of your notice.

* + 1. What do you mean by 'adversely affected'?

Any types of effect on policyholders may be considered by the Court. This includes changes to the financial security of the Companies involved, or changes to the administration of the Transferring Policies. If there are some changes for the worse, this does not necessarily mean that the transfer is unfair or unreasonable, as they might be outweighed by other benefits, or they might be extremely small, or they may only occur infrequently. The Independent Expert considers the materiality of any adverse changes based on their size or likelihood of occurring and provides his conclusions in his report.

* + 1. What will happen if the Court does not approve the transfer?

If the proposed transfer is rejected, your policy will remain with QBE. If the transfer is delayed for any reason then we will inform policyholders of this via the QBE and Colonnade websites. If there is expected to be a protracted delay, or the transfer is rejected, we will also write to affected policyholders to let them know.

* + 1. Will I be charged extra for any of this?

No, you'll not be asked to bear the costs of the transfer. QBE and Colonnade will meet the costs and fees of carrying out the transfer.

1. More about the Independent Expert
	* 1. Who is the Independent Expert?

The Independent Expert is Mr Gary Wells of Milliman LLP (“**Milliman**”). Milliman is among the world’s largest providers of actuarial and related products and services and was founded in 1947. Mr Wells is a UK-qualified actuary with over 30 years of experience in insurance and actuarial roles (having qualified as an actuary in 1986). He joined Milliman as a principal in 2002 and manages the firm's UK property and casualty consulting practice.

* + 1. What's his role?

Mr Wells has been appointed to give his opinion on the likely effect of the proposals on policyholders. His appointment has been approved by the PRA, following consultation with the FCA. His report is impartial, based on a thorough scrutiny of the proposals and the businesses of QBE and Colonnade. Both Companies have provided him with access to key staff and information he has requested, both private and public.

* + 1. How do I know he is independent?

The Independent Expert's appointment has been approved by the PRA, following consultation with the FCA, and independence is one of the criteria that they use to assess his suitability. Neither Mr Wells nor any of his immediate family hold any policies, shareholdings or have any other financial interests with either of QBE or any group company, or Colonnade or any group company. Mr Wells' overriding duty of responsibility is to the Court, and not QBE or Colonnade. His report must be impartial. We have included a summary of his report with this pack, but you can download a full copy of the Independent Expert's report at the QBE website (<http://czech.qbeeurope.com/czech/> and http://www.qbeeurope.com/QIE-Colonnade-Part-VII-Information) and the Colonnade website ([www.colonnade.cz](http://www.colonnade.cz)). If you would like a paper copy sent to you then please contact us on +420 234 094 094.

1. Will there be any changes to my policy?
	* 1. Who do I contact after the transfer for a query on my policy or to make changes?

The administration of your policy won't change as a result of the transfer so continue to contact Colonnade on +420 234 094 011. Since 1 April 2016 Colonnade has been administering your policy as part of an outsourcing agreement between QBE and Colonnade.

* + 1. Will there be any changes to the premiums I pay?

No changes will be made to your premium as a result of the transfer.

* + 1. Are there any changes to the terms and conditions of my policy?

The transfer won't change the terms and conditions of your policy or the payments that you receive, if you have a claim.

* + 1. Are there any other changes I should be aware of as a result of the transfer?

In the event of the insolvency of QBE, if you meet the relevant eligibility criteria you currently have recourse to the UK Financial Services Compensation Scheme (FSCS) to have any claim you bring under your policy paid. If the Scheme is approved, as a policyholder of Colonnade, you will no longer have recourse to the FSCS in the event of Colonnade’s insolvency and there is no equivalent compensation scheme in Luxembourg.

The Independent Expert has considered this issue in his report, and in the summary of his report enclosed with this pack, and has concluded that this loss of access to the FSCS will not materially adversely affect the security of benefits afforded to you, for the reasons set out in his report and the summary of his report.

1. Final Comments
	* 1. I can't find the answer to my question in this booklet. Where can I find out more?

We hope that the information we have provided has helped you to understand the proposals. Both QBE and Colonnade have published further information on their websites (<http://czech.qbeeurope.com/czech/>, http://www.qbeeurope.com/QIE-Colonnade-Part-VII-Information and [www.colonnade.cz](http://www.colonnade.cz) respectively). There you can download a full version of the legal terms of the transfer, the full Report of the Independent Expert, and the policyholder communications pack. Alternatively call us on +420 234 094 094 and we will send you this information.

QBE and Colonnade have set up a dedicated helpline for customers who have questions or wish to raise concerns or objections related to the proposed transfer on +420 234 094 094. This helpline will be available from 8.30 to 17.00 CET Monday to Friday.

We will also publish on the websites copies of any Supplementary Reports that the Independent Expert writes before the Court Hearing date.

However, if you do think you may be worse off as a result of the transfer please see questions 3.4 to 3.6 or turn to the Legal Notice within this pack for information about how to make your objection or concern known to us.

* + 1. How will I know if the transfer has been approved?

We will announce the outcome of the Court application on the QBE website (<http://czech.qbeeurope.com/czech/> and http://www.qbeeurope.com/QIE-Colonnade-Part-VII-Information and the Colonnade website ([www.colonnade.cz](http://www.colonnade.cz)) following the Court Hearing due on 13 July 2017. Any changes or information on the progress of the transfer will also be announced on the QBE and Colonnade websites at <http://czech.qbeeurope.com/czech/>, http://www.qbeeurope.com/QIE-Colonnade-Part-VII-Information and [www.colonnade.cz](http://www.colonnade.cz). You should check these websites for any changes or updates or by calling our dedicated helpline on +420 234 094 094.

If the application is successful then the transfer should take place on the Effective Date. The transfer won't make any changes to the administration of your policy that is already carried out by Colonnade on behalf of QBE.

Glossary

**Companies** mean QBE and Colonnade.

**Court** is the High Court of Justice in England and Wales.

**Court Hearing** is the Hearing at the High Court of Justice in England and Wales at which the final decision to approve or disapprove the Scheme is made.

**Effective Date** is 31 July 2017, the date on which the Scheme is expected to become effective (subject to the approval of the Court). Any change to the date of the transfer will be announced on the QBE and Colonnade websites.

**FCA** is the Financial Conduct Authority which replaced the FSA on 1 April 2013 and has an objective to protect consumers of financial services, protect and enhance the integrity of the UK financial system and promote effective competition in the interests of consumers.

**FSA** is the Financial Services Authority, which was the independent, non-governmental body that regulated the UK insurance industry and which was replaced by the FCA and PRA from 1 April 2013.

**FSMA** is the UK Financial Services and Markets Act 2000.

**Independent Expert** refers to Mr Gary Wells of Milliman LLP whose appointment, which has been approved by the Regulators, involves producing a Scheme report under the requirements of the FSMA, reflecting the guidance provided by SUP 18.2 of the FCA’s Handbook and the PRA’s Statement of Policy on insurance business transfers.

**PRA** is the Prudential Regulation Authority which replaced the FSA on 1 April 2013. The PRA is responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms in the UK.

**Regulator(s)** means, the applicable regulator(s) of the UK insurance industry. Prior to April 2013, this refers to the FSA and from April 2013 this refers to, as the context requires, the PRA, the FCA or both.

**Supplementary Report** is a report produced in advance of the Court Hearing, to consider the impact of the Independent Expert's conclusions of events that have happened subsequent to the release of his initial Report.

**Transfer** means the legal transfer of the Transferring Policies from QBE to Colonnade.

**Transferring Policies** are all QBE policies transferring to Colonnade under the Scheme.