

QBE European Operations plc

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21 September 2018

Reference: QBEREBRO

Dear Sir/Madam

Subject: Proposed transfer of the entire general (re)insurance business written by QBE Insurance (Europe) Limited ("QIEL") through its Belgian, Bulgarian, Danish, Estonian, French, German, Irish, Italian, Norwegian, Spanish and Swedish branches to QBE Europe SA/NV ("QBE Europe") and the proposed transfer of the entire general and long-term reinsurance business written by QBE Re (Europe) Limited ("QBE Re") through its Belgian, Bermudan and Irish branches to QBE Europe

Following the decision of the UK electorate to vote in favour of leaving the European Union ("EU") ("**Brexit**"), the parent company of the European division of the QBE Group, QBE European Operations Plc, has decided to restructure its European operations in order to retain access to the European single market after the UK's withdrawal from the EU and the expiration of the transition period agreed between the UK, the other EU member states and the relevant EU institutions, which is currently expected to end on 31 December 2020. The proposed transfer is intended to facilitate this by consolidating the QBE group's (re)insurance platforms in Europe into one Belgium-based (re)insurer, QBE Europe. This consolidation is required to ensure that we can continue to administer existing European Economic Area ("**EEA**") policies and underwrite new EEA policies after Brexit.

We are writing to you in connection with:

- (a) a proposed insurance business transfer under which the general (re)insurance business of QIEL, the principal European insurance company in the QBE group: written through its active branches in Denmark, France, Germany, Italy, Spain and Sweden; and (ii) previously written by its branches in Belgium, Bulgaria, Estonia, Ireland and Norway, which are now in run-off ((i) and (ii) comprising the entirety of QIEL's business in Belgium, Bulgaria, Denmark, Estonia, France, Germany, Ireland, Italy, Norway, Spain and Sweden) (the "**QIEL Transferring Business**"), will be transferred to QBE Europe by means of an insurance business transfer (the "**QIEL Transfer**") under Part VII of the UK Financial Services and Markets Act 2000 ("**FSMA**"); and
- (b) a proposed insurance business transfer under which the general and long-term reinsurance business of QBE Re, the principal reinsurance company in the QBE group, written through its Belgian, Bermudan and Irish branches (the "**QBE Re Transferring Business**"), which comprises the entirety of QBE Re's business, will be transferred to QBE Europe by means of an insurance business transfer (the "**QBE Re Transfer**") under Part VII of FSMA,

(the QIEL Transfer and the QBE Re Transfer being the "**Transfers**", and the QIEL Transferring Business and the QBE Re Transferring Business being the "**Transferring Business**").

This letter has been sent to you because we believe that you placed a reinsurance or retrocession agreement (a "**Reinsurance and Retrocession Agreement**") with a reinsurer and/or retrocessionaire of QIEL and/or QBE Re (as applicable) (a "**Reinsurer**") and, pursuant to the Transfers, it is proposed that QBE Europe will replace QIEL and/or QBE Re as the reinsured under such Reinsurance and Retrocession Agreement.

The Transfers will result in all Transferring Business, together with the assets and liabilities comprised in the Transferring Business, automatically transferring to QBE Europe.

The Transfers will be effected by means of an insurance business transfer under Part VII of FSMA. The Transfers will require the approval of the High Court of Justice of England and Wales (the "**Court**"). An application has already been presented to the Court for approval of the Transfers, and



this application is due to be heard on 19 December 2018. As required by FSMA, an independent expert (the "**Independent Expert**") approved by the UK regulator for prudential matters, the Prudential Regulation Authority, has been appointed to prepare a report on the Transfers and its effect on policyholders and their security. The terms of the Transfers and the report of the Independent Expert are set out in a summary (the "**Summary**") which is enclosed with this letter.

The Proposal

Under the Reinsurance and Retrocession Agreements between QIEL and/or QBE Re (as applicable) and each Reinsurer, the Reinsurers presently reinsure risks of QIEL and/or QBE Re (as applicable) under certain policies that comprise part of the Transferring Business. After the Transfers, QBE Europe, in place of QIEL and/or QBE Re (as applicable), will become the cedant under the Reinsurance and Retrocession Agreements but only with respect to policies forming part of the Transferring Business.

At the hearing, the Court will be asked to order the transfer of the benefit of the Reinsurance and Retrocession Agreements to QBE Europe to the extent set out above as part of the Transfers. The effect of the order is that all rights, benefits and powers conferred on or vested in QIEL and/or QBE Re (as applicable) under the Reinsurance and Retrocession Agreements, as well as all obligations imposed on QIEL and/or QBE Re (as applicable) in respect of the Reinsurance and Retrocession Agreements, will, without further action and insofar as such rights, benefits, powers and obligations relate to the Transferring Business, be transferred to QBE Europe subject to the terms of the Transfers. All references in the Reinsurance and Retrocession Agreements to QIEL and/or QBE Re (as applicable) and its directors, officers and employees or agents would then be read and construed, to the extent that such references relate to the Transferring Business, as being references to QBE Europe and its directors, officers and employees or agents.

The Transfers provide that the Reinsurers will not be prejudiced as they will have no greater or lesser liability to QBE Europe under any Reinsurance and Retrocession Agreement than they would have had to QIEL and/or QBE Re (as applicable) under that Reinsurance and Retrocession Agreement in the absence of the Transfers. We enclose with this letter the following documents which provide more information and background in relation to the Transfers and the Transferring Business:

1. the Summary;
2. "Questions and Answers" about the Transfers;
3. a copy of a legal notice setting out details of the Court hearing for the Transfers; and
4. a copy of the letter sent to reinsurers.
(the "**Communication Pack**").

We are now writing to all Reinsurers whose Reinsurance and Retrocession Agreement is (in whole or in part) to be transferred by the Transfers to give them information about the Transfers, allowing reasonable time for them to consider whether they and interested parties are adversely affected and if so whether to make representations to the Court. It is a legal requirement for QBE to do so under the English court process (unless the Court has consented otherwise).

Please can you contact the relevant Reinsurer(s) for each Reinsurance and Retrocession Agreements which you have placed in the manner in which you customarily contact such Reinsurer(s) and send each such Reinsurer a copy of the full Communication Pack. We would be grateful if you could provide us with written confirmation once you have sent the Communication Pack to each Reinsurer who has underwritten a Reinsurance and Retrocession Agreement.

If you have any queries or if you require further copies of any of the enclosed documents or a copy of the report of the Independent Expert or of the document effecting the Transfers, please contact us in writing at QBE (Project Leonidas Part VII Transfers), 30 Fenchurch Street, London EC3M 5BD, UK. Reinsurers are not required to take any steps in relation to the Transfers. However, if they and/or you believe they may be adversely affected by them, they and/or you are entitled to attend in person or by



Counsel at the hearing of the application to sanction the Transfers and/or make written representations to the Court. Those who are intending to do this are kindly requested to give written notice of their intention and details of their objections as soon as possible. This notice should be sent to us at QBE (Project Leonidas Part VII Transfers), 30 Fenchurch Street, London EC3M 5BD, UK, as soon as possible and preferably no later than 12 December 2018. We would encourage those with any concerns to discuss these with us as soon as possible.

Yours faithfully

A handwritten signature in blue ink that reads "David Wickett".

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For and on behalf of

For and on behalf of

QBE Insurance (Europe) Limited

QBE Re (Europe) Limited