

Our Ref: UKWR C4-2020

3 December 2020

TO THE MEMBERS

Dear Sirs

**UKWR FRONTING ARRANGEMENTS FOR EU POLICIES FROM
1 JANUARY 2021**

Background

Following the United Kingdom's withdrawal from the European Union ("Brexit") on 31 January 2020, there is a Transition Period whereby the UK continues to have access to the EU Single Market including passporting under Freedom of Services. The Transition Period will finish on 31 December 2020, and from then on, this Association will no longer be able to write new contracts of insurance for EEA risks under the passporting arrangements previously in place.

The United Kingdom Mutual War Risks Association Limited ("UK War Risks") has therefore entered into a fronting arrangement with UK P&I Club N.V. ("UKNV") whereby from 1 January 2021, UKNV will issue contracts of insurance for EEA risks previously insured by UK War Risks. This provides service continuity for Members affected by Brexit while meeting the requirements of EU law.

Risks located in the EEA

Location of risk for ships is determined under EU regulations on the basis of the flag state of the vessel.

Who is affected?

Members who have no EEA risks will be unaffected by the end of the Transition Period and will continue to be insured by and receive certificates of entry from UK War Risks.

Ships comprising EEA risks that are already entered in UK War Risks before 1 January 2021 will remain insured by UK War Risks until the next renewal.

Members who enter EEA risks with UK War Risks on or after 1 January 2021 will be insured by and receive certificates of entry from UKNV.

Members are recommended to carefully review the documentation provided by the Club in advance of renewal, to ensure that the flags held on record by the Association are correct. The Club will be using the information it holds on the flag state of entered ships to determine whether cover will be provided directly or through UKNV.

Service

Members can expect the same cover, high levels of support and service from the Association whether the cover is provided by UK War Risks or UKNV. Underwriting and claims contacts for Members will remain unchanged.

All policyholders of UKNV will continue to be Members of UK War Risks and benefit from the existing reinsurance arrangements. Both UKNV and UK War Risks are rated insurers (UKWR is rated 'A- (Excellent)' by AM Best, and UKNV is rated 'A' by S&P).

Payment of Premiums for Members with risks insured by UKNV

Members are asked to note that there will be a change of banking details for payment of premium in respect of ships insured by UKNV. These changes will be communicated separately to affected Members. When Members receive notification of a change in bank accounts purporting to be from the Club, it is recommended that Members seek verbal confirmation of the changes from their usual Club contact before making any payment.

Contacts

The usual claims and underwriting contacts for Members at the Club will remain unchanged.

Information about UKNV

UKNV is an insurance company which received its insurance license in the Netherlands in March 2019. It is regulated by De Nederlandsche Bank ("DNB") and Autoriteit Financiële Markten ("AFM"). The company is a wholly owned subsidiary of The United Kingdom Mutual Steam Ship Assurance Association (Europe) Limited. The principal activity of the company is the insurance and reinsurance of protection and indemnity risks on behalf of the Members, active in the marine and transport industry.

UKNV was established in anticipation of the United Kingdom leaving the European Union (Brexit). The company applies a fronting model by which members based in the EEA from UK War Risks receive insurance cover from UKNV. The company will then reinsure this exposure to UK War Risks. Members of UK War Risks will not become members of The United Kingdom Mutual Steam Ship Assurance Association (Europe) Limited.

The Managers would be pleased to answer any questions that may arise.

Yours faithfully

THOMAS MILLER WAR RISKS SERVICES LIMITED
Managers