

Transferring to Market Insurance Societas Europaea

Your questions about the
transfer of policies answered

Contents

1. Your Questions Answered

Section 1 General Overview1
Section 2 More about Markel Insurance Societas Europaea3
Section 3 More about the Transfer Process4
Section 4 More about the Independent Expert7
Section 5 Will there be any changes to my policy?.....8
Section 6 Final Comments9
Appendix Guide to whether your policy will transfer under the Scheme or not10

2. Glossary

3. Summary of the Scheme and the Independent Expert's Report (enclosed)

4. Legal Notice (enclosed)

Your Questions Answered

Section 1

General Overview

1.1 What are the proposed changes?

Markel International Insurance Company Limited ("MIICL") proposes to transfer certain of its general insurance (excluding reinsurance) business to Markel Insurance Societas Europaea ("MISE") (the "Transfer"): (i) written and/or assumed through its active branches in Germany, the Netherlands and Spain (the "Continental Branches"), which comprises the entirety of MIICL's general insurance (excluding reinsurance) business in the Continental Branches; (ii) written and/or assumed through its active branch in Ireland; and (iii) written and/or assumed by MIICL on a freedom of services basis or otherwise in the United Kingdom ("UK"), except that, in the case of (ii) and (iii), where a policy relates to a risk or risks situated both in the EEA and outside the EEA, only the part of the policy which relates to a risk or risks situated in any EEA State (other than the UK) will transfer and where a policy relates to a risk or risks situated solely in the UK that policy will not transfer.

This process is known as a Part VII transfer and is effected by means of a "Scheme".

1.2 When will the Transfer happen?

If approved by the High Court of Justice of England and Wales (the "Court"), the Transfer is scheduled to take effect on the "Effective Date". It is expected that this will be 29 March 2019.

Any change to the expected Effective Date will be announced on the Markel International website (www.markelinternational.com/brexit).

1.3 Which policies are transferring?

Please refer to the description and the table in this section 1.3 below.

All insurance (excluding reinsurance) policies written and/or assumed through MIICL's Continental Branches are being transferred.

General insurance (excluding reinsurance) business written and/or assumed by or on behalf of MIICL through its branch in Ireland which wholly or partly relates to a risk or risks situated in any EEA state is being transferred, except that (i) where a policy relates to a risk or risks situated both in the EEA and outside the EEA, only the part of the policy which relates to a risk or risks situated in any EEA state (other than the UK) (the "EEA30") will transfer; and (ii) where a policy relates to a risk or risks situated solely in the UK, that policy will not transfer.

General insurance (excluding reinsurance) business written and/or assumed by or on behalf of MIICL on a freedom of services basis or otherwise through its head office in the UK which wholly or partly relates to a risk or risks situated in any EEA state is being transferred, except that (i) where a policy relates to a risk or risks situated both in the EEA and outside the EEA, only the part of the policy which relates to a risk or risks situated in the EEA30 will transfer; and (ii) where a policy relates to a risk or risks situated solely in the UK, that policy will not transfer. "Freedom of services" business refers to business written in the UK where the risk is situated elsewhere within the EEA.

If you have more than one policy with MIICL (one or more of which may form part of the Transfer and one or more of which may be excluded from the Transfer), the table below and the diagram in the Appendix at page 10 below will help you identify which of your policies will transfer to MISE and which of your policies will remain with MIICL. If you are unsure which of your policies will transfer to MISE and which of your policies will remain with MIICL, please contact us using the details provided in Section 6 below.

		Geographical location of risks insured			
		EEA30 exposures only	EEA30 plus some UK exposure	EEA30 exposure plus some in RoW or UK exposure	UK and/or RoW exposure only
MIICL office location	UK Head Office	Fully Transfer	Fully Transfer	Only the EEA30 part transfers	Will not Transfer
	Dutch Branch	Fully Transfer	Fully Transfer	Not Applicable	Not Applicable
	Irish Branch	Fully Transfer	Fully Transfer	Only the EEA30 part transfers	Will not Transfer
	German Branch	Fully Transfer	Fully Transfer	Not Applicable	Not Applicable
	Spanish Branch	Fully Transfer	Fully Transfer	Not Applicable	Not Applicable

1.4 Why is MIICL doing this?

Following the decision of the UK electorate to vote in favour of leaving the European Union (the "EU") ("**Brexit**"), it is necessary for the Markel group to restructure its European operations in order to continue to service our European policyholders after the UK's withdrawal from the EU and the expiration of any agreed transition period, which (if agreed) is currently expected to end on 31 December 2020. The establishment of MISE will also ensure that the Markel group will retain access to the European single market after Brexit.

1.5 What happens if Brexit doesn't happen?

The present intention of MIICL and MISE is to proceed with the Transfer irrespective of any changes to the political environment. The Transfer is expected to become effective at 00:01 GMT on 29 March 2019, and so prior to Brexit which takes place at 23:00 GMT on such date.

Any change to the expected Effective Date or the implementation of the Scheme will be announced on the Markel International website (www.markelinternational.com/brexit).

Section 2

More about Markel Insurance Societas Europaea

2.1 Who is MISE?

MISE was incorporated in Germany on 22 May 2017 and was granted its (re)insurance licence by the German Federal Financial Supervisory Authority (“BaFin”) on 18 July 2018. MISE is in the process of establishing a branch on a freedom of establishment basis in each of Ireland, the Netherlands, Spain and the UK (for so long as the UK remains a member of the EEA), thereby essentially replicating the effect of MIICL’s existing EEA branch structure. MISE’s branches will be established prior to the Effective Date of the Transfer.

MISE is part of the same corporate group as MIICL. Both MISE and MIICL are indirect wholly-owned subsidiaries of Markel Corporation, a company incorporated in Virginia, United States of America, which maintains a listing on the New York Stock Exchange.

As a member of the Markel group, MISE has adopted the same capital appetite framework as MIICL. MIICL’s solvency capital ratio exceeds its minimum threshold of 135% of its solvency capital ratio (calculated using its PRA-approved internal model). MISE’s solvency capital ratio exceeds its minimum threshold of 135% of its solvency capital ratio (calculated using the Solvency II standard model).

2.2 How will MISE administer my policy?

MISE will administer the Transferring Policies in the same way as they are currently administered by MIICL, in line with the Markel group’s current systems, policies and procedures for its European operations (as the same may be updated from time to time). In particular, there will be continuity in terms of personnel as, subject to the completion of appropriate employee consultation procedures in relation to any transfer of their employment and the Scheme taking effect, the same employees will continue to administer the Transferring Policies.

Section 3

More about the Transfer Process

3.1 What is the Transfer?

The Transfer is governed by 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 (as in this instance) or from different corporate groups. An application must be approved by the Court before the Transfer can go ahead. The applicable regulations require MIICL and MISE 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.

3.2 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 **28 March 2019**.

You will be able to check on the Markel International website at www.markelinternational.com/brexit or by calling:

- 1) Germany – +49 89 89 08 316 – 50 (open 09:00-17:00 on weekdays);
- 2) the Netherlands – +31 10 798 1000 (open 08:30-17:00 on weekdays);
- 3) Spain – +34 91 788 6150 (open 09:00-18:00 Monday-Thursday and 09:00-15:00 on Friday); and
- 4) the UK and Ireland – +44 345 351 2600 (open 08:00-18:00 on weekdays),

after this date for information about the outcome of the hearing. Each of the above opening hours excludes bank holidays and public holidays. Callers outside of these hours will be able to leave a message and request that their call is returned.

3.3 What will happen at the Court Hearing?

The Court will consider whether the Transfer adversely affects policyholders and whether it is appropriate to allow the Transfer. The judge will review the witness statements and evidence presented by MIICL and MISE, 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.

3.4 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 are 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:

- call our dedicated helpline, free of charge, on:
 - 1) Germany – +49 89 89 08 316 – 50 (open 09:00-17:00 on weekdays);
 - 2) the Netherlands – +31 10 798 1000 (open 08:30-17:00 on weekdays);
 - 3) Spain – +34 91 788 6150 (open 09:00-18:00 Monday-Thursday and 09:00-15:00 on Friday); and
 - 4) the UK and Ireland – +44 345 351 2600 (open 08:00-18:00 on weekdays),

(each of the above opening hours excludes bank holidays and public holidays. Callers outside of these hours will be able to leave a message and request that their call is returned); or

- write to us at:
 - 1) Germany – Markel Insurance, Sophienstrasse 26, 80333 Munich;
 - 2) the Netherlands – Markel, Westerlaan 18, 3016 CK Rotterdam;
 - 3) Spain – Markel Insurance, Plaza Pablo Ruiz Picasso, No 1 Planta 35, Edificio Torre Picasso, 28020 Madrid; and
 - 4) the UK and Ireland – Markel, 20 Fenchurch Street, London, EC3M 3AZ; or
- e-mail us at:
 - 1) Germany – brexit@markel.de;
 - 2) the Netherlands – brexitnetherlands@markelintl.com;
 - 3) Spain – Markel.Espana@markelintl.es; and
 - 4) the UK and Ireland – brexit@markelintl.com.

Any objections or concerns relating to the Transfer notified to us by telephone or in writing will also be included in the information supplied to the Court. Should you need any further information or if you have any questions or concerns about the Transfer or consider that you may be adversely affected then please contact us as soon as possible and preferably no later than **21 March 2019**.

3.5 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.

Please refer to the enclosed summary of the Independent Expert's Report and paragraph 5.4 below for an assessment of the adverse effects of the Transfer.

3.6 What will happen if the Court does not approve the Transfer?

If the Transfer is rejected, your policy will remain with MIICL.

If the Transfer is delayed for any reason then we will inform policyholders of this via the Market International website (www.marketinternational.com/brexit). 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.

3.7 Will I be charged extra for any of this?

No, you will not be asked to bear the costs of the Transfer. MIICL and MISE will meet the costs and fees of carrying out the Transfer.

Section 4

More about the Independent Expert

4.1 Who is the Independent Expert?

The Independent Expert is Niranjan Nathan of Ernst & Young LLP.

4.2 What's his role?

Niranjan Nathan 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 thorough scrutiny of the proposals and the businesses of MIICL and MISE. MIICL and MISE have provided him with access to key staff and information he has requested, both private and public.

4.3 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 Niranjan Nathan nor any of his immediate family hold any policies, shareholdings or have any other financial interests with any of MIICL, MISE or any company within the Markel group. Niranjan Nathan's overriding duty of responsibility is to the Court, and not MIICL or MISE. 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 Markel International website (www.markelinternational.com/brexit). If you would like a paper copy sent to you then please contact us on the details set out at section 3.4 above.

Section 5

Will there be any changes to my policy?

5.1 Who do I contact after the Transfer for a query on my policy or to make changes?

Subject to the processes detailed in section 2.2 above, the administration of your policy will not change as a result of the Transfer and after the Transfer you should continue to contact your normal Market or broking contact.

5.2 Will there be any changes to the premiums I pay?

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

5.3 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.

5.4 Are there any other changes I should be aware of as a result of the Transfer?

Financial Services Compensation Scheme

In the event of the insolvency of MIICL, if you meet the relevant eligibility criteria you currently have recourse to the Financial Services Compensation Scheme (the "FSCS") to have any claim you bring under your policy paid. Since MIICL's business is mainly commercial (re)insurance, the majority of policyholders will not meet the eligibility criteria, as the FSCS is aimed at consumers and very small businesses. However, a small minority of MIICL's policyholders who are transferring to MISE may meet the eligibility criteria. If the Scheme is approved, and your policy is transferred to MISE, you may no longer have recourse to the FSCS in the event of MISE's insolvency. This does not impact MIICL policyholders who are not transferring to MISE.

The Independent Expert has considered this issue in his Report at paragraphs 7.13-7.24 (inclusive) and has concluded that this loss of access to the FSCS will not materially adversely affect the transferring policyholders, for the reasons set out in his Report.

Financial Ombudsman Service

In addition, in the event of a dispute with MIICL, if you meet the relevant eligibility criteria, you currently have recourse to the UK Financial Ombudsman Service (the "UK FOS") which provides a free, independent service for resolving disputes. The eligibility criteria for this service is similar to that applying to the FSCS and for this reason only a minority of policyholders of MIICL are expected to meet such criteria. However, a small minority of policyholders of MIICL who are transferring to MISE may meet the eligibility criteria and may lose the right to apply to the FOS in the event of a dispute with MISE.

However, all policyholders transferring to MISE may have access to the German Insurance Ombudsman Association (*Versicherungsbundsmann e.V.*). In addition, if you hold a policy issued by or on behalf of a European branch of MIICL, your right of access to any existing ombudsman service in your country of residence will not be impacted by the Transfer.

Again, the Independent Expert has considered this issue in his Report at paragraphs 7.34-7.37 (inclusive) and has concluded that this loss of access to the FOS will not materially adversely affect the transferring policyholders, for the reasons set out in his Report.

Section 6

Final Comments

6.1 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. MIICL and MISE have published further information on the Markel International website (www.markelinternational.com/brexit). 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 the below dedicated helplines and we will send you this information.

MIICL and MISE have set up dedicated Freephone helplines for customers who have questions or wish to raise concerns or objections related to the proposed Transfer on:

- Germany – +49 89 89 08 316 – 50 (open 09:00-17:00 on weekdays);
- the Netherlands – +31 10 798 1000 (open 08:30-17:00 on weekdays);
- Spain – +34 91 788 6150 (open 09:00-18:00 Monday-Thursday and 09:00-15:00 on Friday); and
- the UK and Ireland – +44 345 351 2600 (open 08:00-18:00 on weekdays),

Each of the above opening hours excludes bank holidays and public holidays. Callers outside of these hours will be able to leave a message and request that their call is returned.

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

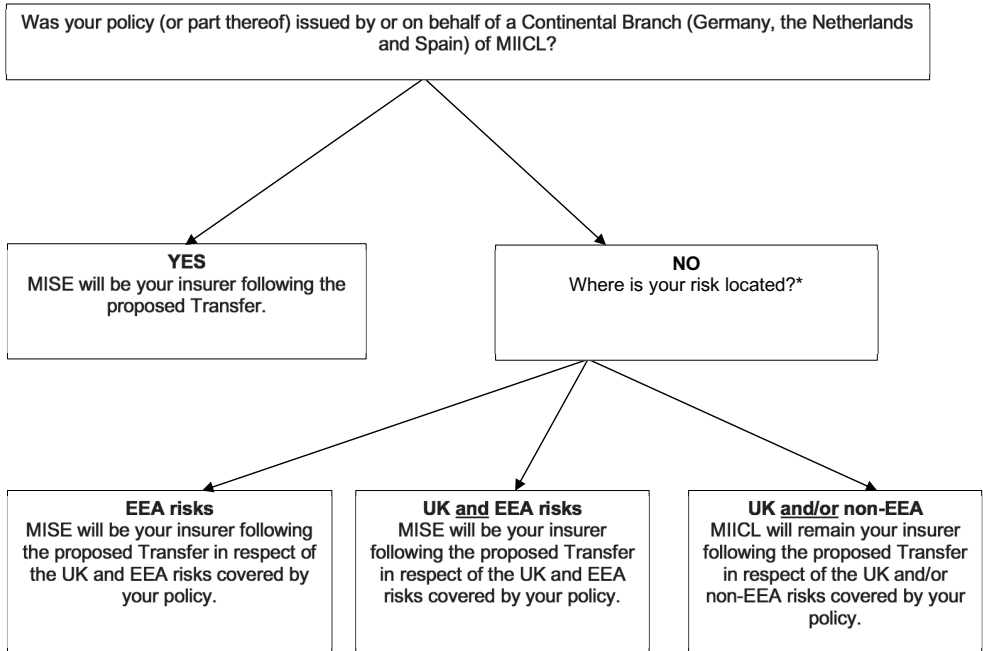
However, if you do think you may be worse off as a result of the Transfer please see sections 3.4 to 3.6 above or turn to the Legal Notice within this pack for information about how to make your objection or concern known to us.

6.2 How will I know if the Transfer has been approved?

We will announce the outcome of the Court application on the Markel International website (www.markelinternational.com/brexit) following the Court Hearing due on **28 March 2019**. Any changes or information on the progress of the Transfer will also be announced on this website. You should check this websites for any changes or updates or otherwise call our dedicated helplines set out at section 6.1 above.

If the application is successful then the Transfer should take place on the Effective Date (being **29 March 2019**).

Appendix Guide to whether your policy will transfer under the Scheme or not



*Risk location guidance

KEY: *The location of the risk depends on a number of factors. The below is a general (but non-exhaustive) summary of these factors to help guide you:

- 1) If your insurance relates to **property** and **its contents** (so far as the contents are covered by the same policy), then your risk location is generally in the territory in which the property is situated (or is normally situated) at the date your policy was entered into.
- 2) If your insurance relates to **vehicles** (aircraft, ships or motor vehicles) the risk location is generally determined by the place of registration of the vehicle.
- 3) If your insurance relates to **other risks** (i.e. it does not relate to property or vehicles), then:
 - (a) if you are a corporate entity, your risk location is generally at your place of establishment at the date your policy was entered into. If you are a corporate entity and your policy covers more than one of your establishments which are in different territories, your policy is likely to have multiple risk locations; or
 - (b) if you are an individual, your risk location is generally in the territory in which you are habitually resident at the date your policy was entered into.

Glossary

Court means the High Court of Justice in England and Wales.

Court Hearing means 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.

EEA means the European Economic Area.

Effective Date means 29 March 2019, 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 Markel International website.

FCA means the Financial Conduct Authority which 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.

FSMA means the UK Financial Services and Markets Act 2000.

Independent Expert means Niranjan Nathan of Ernst & Young LLP whose appointment, which has been approved by the Regulators, involves producing the Report.

MIICL means Markel International Insurance Company Limited.

MISE means Markel International Societas Europaea.

PRA means the Prudential Regulation Authority which 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. This refers to, as the context requires, the PRA, the FCA or both.

Report means the Scheme report produced by the Independent Expert under the requirements of the FSMA, reflecting the guidance provided by SUP 18.2 of the FCA's Handbook, FG18/4: The FCA's Approach to the review of Part VII insurance business transfers and the PRA's Statement of Policy on insurance business transfers.

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

Transfer means the legal transfer of the Transferring Policies from MIICL to MISE.

Transferring Policies means the MIICL policies transferring to MISE under the Scheme.

