

Transferring to AmTrust International Underwriters dac or AmTrust Assicurazioni s.p.a.

Your questions about the
transfer of policies answered

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Your Questions Answered

Section 1

General Overview

1.1 What are the proposed changes?

AmTrust Europe Limited (**AEL**) proposes to transfer to:

- a) AmTrust Assicurazioni s.p.a. (**AmTrust Italy**) all of its Italian medical malpractice business (which includes any additional forms of coverage under medical malpractice policies) (the **Medmal Business**); and
- b) AmTrust International Underwriters dac (**AIU**) all of the general insurance and reinsurance business (other than Medmal Business) it has written and/or assumed which relates to risks situated in the European Economic Area, excluding the UK (the **EEA30**), except that where a policy relates to risks situated in the EEA30 and outside the EEA30, only that part of the policy which relates to the EEA30 will transfer to AIU (the **EEA30 Business**),

(together the **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 **1 July 2020**.

In the event that the Court approves the transfer to AIU but not the transfer to AmTrust Italy, the transfer to AIU would still take place (and vice versa).

Any change to the date of the Court hearing or the date of the Transfer (or either part of the Transfer) will be announced on our website (amtrustfinancial.com/amtrustinternational/legal/portfolio-transfers).

1.3 Which policies are transferring?

All of the policies described in paragraph 1.1 above.

If you have more than one policy with AEL (one or more of which may form part of the Transfer and one or more of which may be excluded from the Transfer), the diagram in the Appendix to this booklet will help you identify which of your policies will transfer to AIU or AmTrust Italy and which of your policies will remain with AEL.

If you remain unsure which of your policies will transfer to AIU or AmTrust Italy and which of your policies will remain with AEL, please contact us using the details provided in Section 6 below.

1.4 Why is AEL doing this?

The UK ceased to be a member of the European Union (the **EU**) on 31 January 2020 (**Brexit**). It is necessary for the AmTrust group to restructure its European operations in order to continue to service its European policyholders as a result of Brexit and following the expiry of the transitional period agreed between the UK and the EU (currently expected to end on 31 December 2020).

As part of a wider restructure of the AmTrust group:

- a) AIU is intending to transfer its medical malpractice business to AmTrust Italy under an Irish court-sanctioned process, which is proposed to take effect on 1 July 2020; and

- b) AMT Mortgage Insurance Limited is intending to transfer its EEA30 business to AIU, under a separate Part VII transfer intended to take place in September 2020.

1.5 What happens if there is a trade deal with the EU covering financial services?

The present intention of AEL, AIU and AmTrust Italy (**AmTrust**) is to proceed with the Transfer irrespective of when the transitional period may end and regardless of the arrangements agreed between the UK and the EU for trade post-Brexit.

Any change to the expected Effective Date or the intended implementation of the Scheme will be announced on the AmTrust website at amtrustfinancial.com/amtrustinternational/legal/portfolio-transfers.

Section 2

More about AIU and AmTrust Italy

2.1 Who is AIU?

AIU was incorporated in Ireland on 28 January 1991 and was granted its insurance and reinsurance licence by the Central Bank of Ireland on 12 June 1991.

AIU is part of the same corporate group as AEL. Both AIU and AEL are indirect wholly-owned subsidiaries of AmTrust Financial Services Inc., a company incorporated in the United States (**AFSI**). AFSI is itself owned by Evergreen Parent GP, LLC, a holding company incorporated in Delaware.

AIU has materially the same capital appetite framework as AEL, with both AEL and AIU targeting a solvency capital ratio of 140% (calculated using the Solvency II standard model). AIU has an A.M. Best financial strength rating of "A-" (Excellent).

2.2 Who is AmTrust Italy?

AmTrust Italy was incorporated in Italy on 3 April 2007 and was granted its insurance and reinsurance licence by the Italian Supervisory Authority for Insurance and Reinsurance Undertakings Companies (**IVASS**) on 14 March 2008.

AmTrust Italy is part of the same corporate group as AEL. Both AmTrust Italy and AEL are indirect wholly-owned subsidiaries of AFSI.

AmTrust Italy's targeted solvency capital ratio is 145% (calculated using the Solvency II standard model).

2.3 How will AIU or AmTrust Italy administer my policy?

AIU will administer the EEA30 Business and AmTrust Italy will administer the Medmal Business in broadly the same way as it is currently administered by AEL, in line with the AmTrust group's current systems, policies and procedures for its European operations (as the same may be updated from time to time).

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 and reinsurance policies to be moved between two insurers or reinsurers. The insurers or reinsurers 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 AEL, AIU and AmTrust Italy 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 **24 June 2020**.

You will be able to find information about the outcome of the hearing on our website at amtrustfinancial.com/amtrustinternational/legal/portfolio-transfers or by calling the helplines at +353 (0)151 38607 or +44 (0)333 234 3454 available between 9am to 5pm Monday to Friday (excluding public holidays).

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 AEL, AIU and AmTrust Italy 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. Any objections or concerns relating to the Transfer notified to us by telephone or in writing using the details below will 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 **17 June 2020** using the details below.

You may contact us by:

- calling the helplines at +353 (0)151 38607 or +44 (0)333 234 3454 available between 9am to 5pm Monday to Friday (excluding public holidays);

- writing to us at:
 - Amtrust International (Portfolio Transfers)
Exchequer Court
33 St Mary Axe
London EC3A 8AA
UK;
 - Amtrust International (Portfolio Transfers)
6-8 College Green
Dublin 2
Ireland; or
 - Amtrust International (Portfolio Transfers)
14, Via Clerici
20121 Milan
Italy; or
- e-mailing us at: partvii@amtrustgroup.com.

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 EEA30 Business and the Medmal Business. 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 AEL.

If the Transfer is delayed for any reason then we will inform policyholders of this via our website at amtrustfinancial.com/amtrustinternational/legal/portfolio-transfers. 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. AEL, AIU and AmTrust Italy 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 Stewart Mitchell of Lane Clark & Peacock LLP. Mr Mitchell is a Fellow of the Institute of Actuaries and has over 30 years of experience in the insurance industry.

4.2 What's his role?

The Independent Expert has been appointed to give his opinion on the likely effect of the proposals on policyholders. His Report is impartial, based on thorough scrutiny of the proposals and the businesses of AEL, AIU and AmTrust Italy. AEL, AIU and AmTrust Italy 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 the Independent Expert nor any of his immediate family hold any policies, shareholdings or have any other financial interests with any of AEL, AIU, AmTrust Italy or any company within the AmTrust Group.

The Independent Expert's overriding duty of responsibility is to the Court, and not AEL, AIU or AmTrust Italy. 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 our website (amtrustfinancial.com/amtrustinternational/legal/portfolio-transfers). 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?

As noted in section 2.3 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 AmTrust 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 (FSCS)

The FSCS benefits consumers and businesses with a turnover of less than £1,000,000 per year (provided the policy is not an excluded class of business such as goods in transit, marine, aviation and credit insurance). In the event of the insolvency of AEL, if you meet the relevant eligibility criteria you currently have recourse to the FSCS to have any claim you bring under your policy paid.

If you are eligible and the Scheme is approved, and your policy is transferred to AIU and/or AmTrust Italy you may, subject to the relevant rules concerning successors in default, no longer have recourse to the FSCS in the event of AIU and/or AmTrust Italy's insolvency in respect of claims arising following the Transfer. This does not impact your ability to access the FSCS in respect of events taking place prior to the Transfer. AEL policyholders who are not transferring to AIU and/or AmTrust Italy are also not impacted.

The Independent Expert has considered this issue in his Report at paragraph 7.4. He has concluded that any loss of access to the FSCS will not materially adversely affect the transferring policyholders because the financial strength of AIU and AmTrust Italy makes an insolvency situation in which FSCS protection would be triggered unlikely.

The Financial Ombudsman Service (FOS)

In the event of a dispute with AEL if you meet the relevant eligibility criteria, you currently have recourse to the FOS, which provides a free, independent service for resolving disputes. The eligibility criteria for this service is broader than that applying to the FSCS, but nevertheless is still relevant only to AEL's policyholders who are consumers or small or medium sized enterprises whose policies are written and/or administered in the UK.

Policyholders of AEL who are transferring to AIU and/or AmTrust Italy who meet the eligibility criteria may lose the right to apply to the FOS in the event of a dispute with AIU and/or AmTrust Italy in respect of matters which take place after the Effective Date and Brexit. Policyholders will, if they were eligible complainants, will continue to be able to access the UK FOS after the Effective Date in respect of existing complaints and pre-Brexit matters.

The Independent Expert has considered this issue in his Report at paragraph 7.5 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.

For further information about your eligibility to make a claim to the FSCS or the FOS, please refer to the relevant sections of their websites (<https://www.fscs.org.uk/> and <https://www.financial-ombudsman.org.uk/>) and the relevant sections of the Independent Expert's 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. AEL, AIU and AmTrust Italy have published further information at amtrustfinancial.com/amtrustinternational/legal/portfolio-transfers. There you can download a full version of the legal terms of the Transfer (set out in the Scheme document), the full Report of the Independent Expert, and the policyholder communications pack. We will also publish on the website copies of any Supplementary Reports that the Independent Expert writes before the Court Hearing date.

Alternatively please contact us using the details below and we will send you this information. You can also contact us using the details below if you have any questions or wish to raise concerns or objections related to the proposed Transfer.

You may contact us by:

- calling the helplines at +353 (0)151 38607 or +44 (0)333 234 3454 available between 9am to 5pm Monday to Friday (excluding public holidays);
- writing to us at:
 - Amtrust International (Portfolio Transfers)
Exchequer Court
33 St Mary Axe
London EC3A 8AA
UK;
 - Amtrust International (Portfolio Transfers)
6-8 College Green
Dublin 2
Ireland; or
 - Amtrust International (Portfolio Transfers)
14, Via Clerici
20121 Milan
Italy; or
- e-mailing us at: partvii@amtrustgroup.com.

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

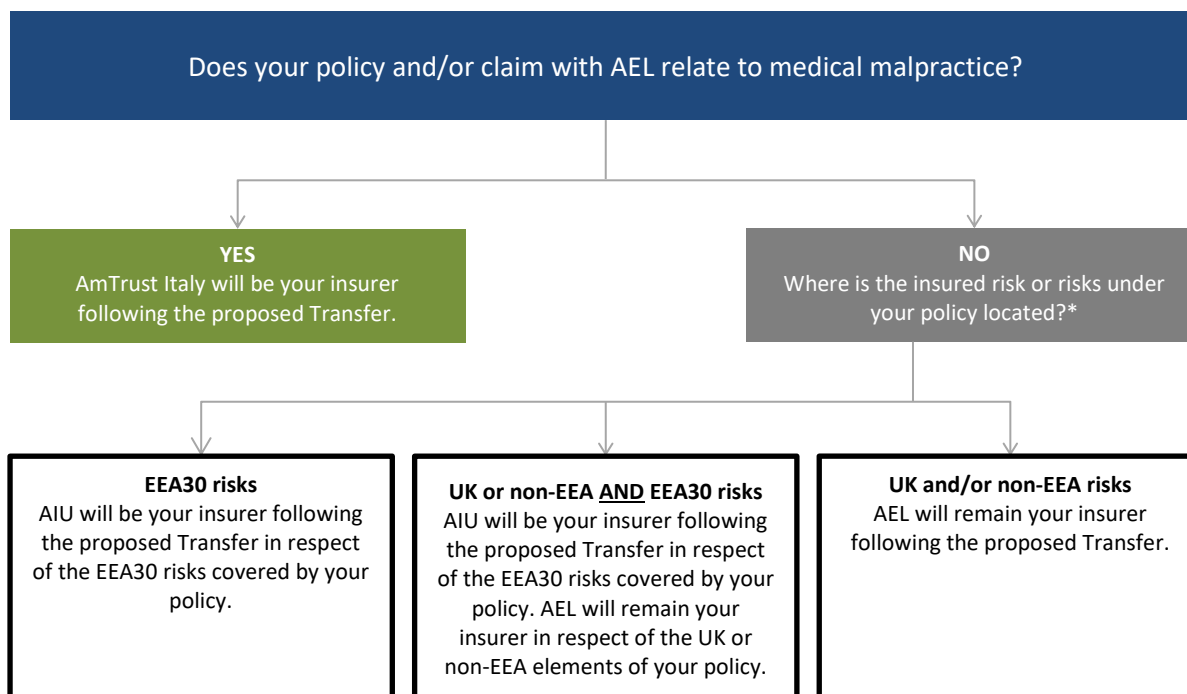
We will announce the outcome of the Court application at amtrustfinancial.com/amtrustinternational/legal/portfolio-transfers following the Court Hearing due on **24 June 2020**. Any changes or information on the progress of the Transfer will also be announced on this website.

You will be able to find information about the outcome of the hearing on our website at amtrustfinancial.com/amtrustinternational/legal/portfolio-transfers or by contacting us using the details above.

If the application is successful then the Transfer should take place on the Effective Date (being **1 July 2020**).

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 1 July 2020, 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 (or any part of the Transfer) will be announced on amtrustfinancial.com/amtrustinternational/legal/portfolio-transfers.

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 Stewart Mitchell of Lane Clark & Peacock LLP whose appointment, which has been approved by the PRA in consultation with the FCA, involves producing the Report.

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.