

Reverse Branch Secondment Agreement Programme Frequently Asked Questions

What is the Reverse Branch Secondment Agreement Programme?

Article 16 of the Insurance Distribution Directive (EU) 2016/97 (IDD) places a restriction on EEA intermediaries using insurance intermediaries that are not registered by a Member State. Although insurers have implemented their own contingency plans to be able to continue to agree delegated underwriting contracts, Recommendation 9 of the EIOPA Recommendations, dated 19 February 2019, makes it clear that Member State regulators should ensure “that all intermediaries carrying out distribution activities which target EU27 policyholders and EU27 risks fall under the scope of the IDD”.

Coverholders - as insurance intermediaries - need to operate in accordance with the IDD where they are binding EU27 risks for EU27 policyholders. In order to continue to trade in Europe and to support our European Customers, we need to comply with this requirement.

To do this, our MGA partner London Global S.r.l. which is regulated by IVASS, the Italian regulator, has ‘reverse branched’ in to the UK and is now also authorised and regulated by the FCA.

Our Underwriting Team have been seconded in to ‘London Global, trading as our coverholder trading name’ and they will underwrite for and on behalf of the dual regulated entity.

Does this mean we will need to deal with different underwriters or claims staff?

No. On a day-to-day basis, you will continue to speak with the same people you have always dealt with. The team will have a London Global email address and they will notify you of this. For all Recommendation 9 impacted EU business, we would ask that you initially contact us via the London Global email address.

Our phone numbers and other email addresses still work, and we can still be contacted via our website.

What else has changed?

You will see we have updated our website and insurance documentation to reflect the fact that our dual regulated platform is underwriting and servicing the impacted business. But our products and services, underwriting expertise and claims handling has not changed: We will continue to do our very best to provide you with the highest quality of services and underwriting standards.

What about Premium and Claims Settlements?

There is no change here. Where you settle Premium into us, the Bank Accounts are held for and on behalf of our insurers and so you will continue to settle Premium into the same accounts. Similarly, Claims will continue to be settled the same way.

Will the end of the Transition Period affect your service provision?

Our preparations have been thorough, and we are ready for any eventuality, from a comprehensive deal that includes ongoing freedom of service provisions for our business to a No Deal, and everything in between. Of course, we are monitoring the situation closely, especially in relation to things like Data Protection and the transfer of EU Data Subjects’ data to the UK.

Who has approved your platform?

We have spoken with EU regulators, the FCA, Lloyd’s Europe and Lloyd’s, and all our insurers supporting our business. We have received sign-off on the secondment programme from the FSMA, the Belgium regulator and Lloyd’s Europe. IVASS is also aware of our programme and we will continue to monitor developments to ensure

that we remain compliant with the appropriate permissions and authorised status to continue to support our EU Customers.

Do we need to do anything differently ourselves?

This is an important question for you to consider. As an insurance intermediary you must also comply with Article 16 for your Recommendation 9 impacted EU business. You may well have *also* set up a reverse branch operation, or you may already operate with the appropriate EU regulatory status. For several EU territories, like Belgium, the Regulators expect individual members of staff who carry on or manage regulated IDD activities to be registered themselves. If you are unsure about your company's regulated status, or whether you personally need to be registered, we would suggest that you speak with your line manager.

Why do we need to agree to sign the TOBA letter you sent to us?

Our TOBA that we have agreed with you addresses the regulatory framework within which we continue to trade with one another. As London Global S.r.l. is a separate legal entity and it is the Coverholder that will be underwriting and handling our Recommendation 9 impacted EU business, even though the team is the same team, and you will be dealing with the same friendly faces within our organisation, the Coverholder legal entity (noting our trading as name) needs a Terms of Business Agreement, or TOBA, with your Recommendation 9 compliant company. Rather than agree an entirely new TOBA, to keep things as simple as possible, by signing the TOBA letter, London Global S.r.l. (trading as us) will be added to the existing TOBA. Simple.

Do we need to approve 'London Global S.r.l trading as you' as a trading partner?

Yes, you will. London Global S.r.l. has been endorsed on to our binding authority agreements (Coverholder Appointment Agreements) with our trading name. Remember that our underwriting operation, our systems and controls, and the settlement process remain unchanged. In addition to all of these considerations that have not changed, we continue to operate out of our own office, so it should be straight forward for your compliance team to complete their internal checks and for us to obtain your sign-off. To support your compliance team with this process, we have prepared a London Global Summary Due Diligence Pack. Of course, if you need more information, please do let us know. It is good to talk and this is all very new to everyone.

What happens if we don't sign the TOBA letter?

As long as you have received internal sign-off we can continue to trade. Our letter to you contains the provision that "in the event we do not receive the signed acknowledgement slip back, by placing business with us and continuing to trade with us, we deem that you have accepted the agreement addendum".

Why is this happening now? After all, 01/01 is months away.

For Lloyd's Europe business, 01 October was the deadline for coverholder solutions to be in place. Whether the business is placed with us using Lloyd's Europe capacity or other insurer capacity, it is important to be ready well in advance of the end of the Transition Period. As well as being ready to quote for the 01/01 renewal season, it is also worth noting that, across Europe, Tacit Renewals start to take effect from 01 October each year. This may not be relevant for our business with you, but many EU regulators have asked for UK insurers to be prepared from October. In addition to this, many insurers need to be ready to manage their transfer (typically called a Part VII transfer) of legacy and current EU business from their non-EEA insurance platform to their EU licenced platform. It makes sense to do as much as we can now before the deadline date for these transfers.

Will the language of the contract change for EU business?

No. We have provisions addressing the language of the contract and these will still apply.