

Consequences of the UK's withdrawal from the European Union on the insurance sector in France

General Context

- ❑ No temporary regime permission set up in France : passporting rights cease to exist as from Brexit without agreement Day 1.
- ❑ However, specific measures are foreseen to ensure the continuity of the outstanding contracts concluded prior Brexit and having effects post Brexit, as defined by Ordinance No. 2019-75 (the “Brexit Ordinance”).

Continuity regime for outstanding contracts

The French Brexit Ordinance

1. Issuers are obliged to execute outstanding contracts despite the loss of the recognition of their authorization in France (loss of the «passport»). It thus guarantees the right of policyholders to be compensated in the event of claims.
2. However, **such contracts cannot be renewed or give rise to the issue of new premiums.**
3. In order to do so, the Ordinance neutralizes any criminal sanction for illegal exercise of insurance activity (art L 310-27 of the IC) for compensating customers in the event of claims **under the conditions that insurers comply with the following requirements.**

Requirements for insurers to benefit from the contract continuity regime

- Insurers must inform subscribers and beneficiaries **within 15 days after Brexit date that :**
 - The insurer will not renew the contract, not issue any new premiums and shall not accept any new payments, unless the subscriber is required to pay premiums under the contract.
 - The information recalls that, despite Brexit, the insurer will fulfill its commitments.
- Insurer will also have to renew this communication **two months prior the contract expires** and the insurer shall recommend that subscribers seek a new guarantee from an EU authorized insurer.

ACPR's role in supervising the execution of outstanding contracts

- ❑ ACPR retains all his prerogatives towards UK insurers for outstanding contracts : sanctioning power shall continue with respect to the facts committed before Brexit by insurers (**Article 1,5° of Brexit Ordinance**).
- ❑ ACPR will continue to ensure compliance with the French regulation applicable to obligations resulting from contracts concluded under freedom to provide services or freedom of establishment. The enforcement of such obligations will continue after Brexit, taking into account the supervision exercised by the competent authorities of the United Kingdom (Article 1, 6° of Brexit Ordinance).