

Transferring to AmTrust Europe Limited

Your questions about the
transfer of policies answered

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Your Questions Answered

Please refer to the defined terms in the Glossary at page 8 of this Q&A Booklet.

Section 1

General Overview

0.1 What are the proposed changes?

AMT Mortgage Insurance Limited (“**AMIL**”) proposes to transfer all of its UK general insurance business to AmTrust Europe Limited (“**AEL**”) (the “**Transfer**”).

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

0.2 When will the Transfer happen?

If approved by the High Court of Justice of England and Wales (“**Court**”), the Transfer is scheduled to take effect on the “**Effective Date**”. It is expected that this will be 30 June 2019.

Any change to the Effective Date will be announced on the AmTrust International Limited (“**AIL**”) website (at www.amtrustinternational.com/portfoliotransfers).

0.3 Which policies are transferring?

All of AMIL’s policies which solely relate to a risk or risks situated in the UK are being transferred.

0.4 Why is AMIL doing this?

The Transfer is being undertaken as the first step of a wider restructuring of the AmTrust Group in Europe and it is currently expected that following the Transfer, as part of the AmTrust Group’s Brexit contingency planning, the European business of AMIL will be transferred to appropriately licensed European carriers. The aims of the Transfer and the wider restructure are broadly to: (i) more fully integrate AMIL into the AmTrust Group following its acquisition by the AmTrust Group in May 2016 by moving the UK business of AMIL into AEL, the largest insurer in the AmTrust Group; (ii) simplify the corporate structure of the AmTrust Group; (iii) reduce operational risk by reducing the number of regulated entities in the AmTrust Group; and (iv) ensure continuity of service for European risks post-Brexit.

Section 2

More about AEL

0.1 What type of company is AEL?

AEL is a UK general insurance company which writes a wide variety of general insurance and reinsurance business in a number of territories, including 23 jurisdictions within Europe. AEL is rated as A- (excellent) for financial strength by A.M. Best ratings agency.

Both AMIL and AEL are part of the AmTrust Group, with AMIL being a wholly-owned subsidiary of AEL.

You can find out more about AEL by visiting www.amtrustinternational.com.

0.2 How will AEL administer my policy?

It is intended that following the Transfer, policyholder who hold Transferring Policies will experience no difference in the administration and servicing of their policies and claims, as it is intended that those operations are undertaken pursuant to substantially the same arrangements as currently exist with the same staff (who are employed by AmTrust Management Services Limited or other AmTrust Group companies) continuing to service the Transferring Policies on behalf of the Transferee once they have been transferred.

In respect of non-transferring policyholders of AMIL, as a result of the UK's expected exit from the EU in March 2019, policyholders located in the EEA (other than the UK) will be offered renewals of their policies for 2019/20 by the AmTrust Group's Irish insurance company, AmTrust International Underwriters Limited, which is authorised by the Central Bank of Ireland, and passports into all of those EEA jurisdictions in which AMIL's non-transferring business is carried on or by another appropriately authorised EEA insurer in the applicable EEA jurisdiction(s).

Section 3

More about the Transfer Process

0.1 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 AMIL and AEL to appoint an Independent Expert, approved by the PRA, having consulted with the FCA, 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.

0.2 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 11 June 2019. You'll be able to check:

- on the AIL website (at www.amtrustinternational.com/porfoliotransfers);
- by emailing PartVII@amtrustgroup.com;
- calling 020 7280 6440 (available between 9:00am to 5:00pm Monday to Friday);
or
- by writing to AmTrust International (Part VII), Exchequer Court 33 St Mary Axe London EC3A 8AA,

0.3 after this date for information about the outcome of the hearing. What will happen at the Court Hearing?

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

0.4 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're 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 representatives to attend the Court Hearing on your behalf. You can send your comments or concerns to us in writing at AmTrust International (Part VII), Exchequer Court 33 St Mary Axe London EC3A 8AA.

Alternatively, any objections or concerns relating to the Transfer notified to us by email to PartVII@amtrustgroup.com or by telephone to our helpline on 020 7280 6440, or in writing to AmTrust International (Part VII), Exchequer Court 33 St Mary Axe London EC3A 8AA, 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 4 June 2019.

0.5 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.

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

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

If the Transfer is delayed for any reason then we will inform policyholders of this via the AIL website at www.amtrustinternational.com/porfoliotransfers. 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.

0.7 Will I be charged extra for any of this?

No, you'll not be asked to bear the costs of the Transfer. AEL will meet the costs and fees of carrying out the Transfer.

Section 4

More about the Independent Expert

0.1 Who is the Independent Expert?

The Independent Expert is Mr Michael Tripp of Mazars LLP.

0.2 What's his role?

Mr Tripp 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 AMIL and AEL. Both Companies have provided him with access to key staff and information he has requested, both private and public.

0.3 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 Mr Tripp nor any of his immediate family hold any policies, shareholdings or have any other financial interests with either of AMIL or AEL or any other company within the AmTrust Group. Mr Tripp's overriding duty of responsibility is to the Court, and not AMIL or AEL. 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 AIL website (at www.amtrustinternational.com/portfoliotransfers). If you would like a paper copy sent to you then please contact us:

- by emailing PartVII@amtrustgroup.com;
- calling 020 7280 6440 (available between 9:00am to 5:00pm Monday to Friday);
or
- by writing to AmTrust International (Part VII), Exchequer Court 33 St Mary Axe
London EC3A 8AA.

Section 5

Will there be any changes to my policy?

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

The administration of your policy won't change as a result of the Transfer and after the Transfer you should continue to contact your normal AmTrust contact.

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

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

0.3 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.

Section 6

Final Comments

0.1 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. AmTrust has published further information on the AIL website (at www.amtrustinternational.com/porfoliotransfers). 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, you can request copies of the documentation:

- by emailing PartVII@amtrustgroup.com;
- calling 020 7280 6440 (available between 9:00am to 5:00pm Monday to Friday);
or
- by writing to AmTrust International (Part VII), Exchequer Court 33 St Mary Axe
London EC3A 8AA,

We will also publish on the 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 questions 3.4 to 3.6 or turn to the Legal Notice within this pack for information about how to make your objection or concern known to us.

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

We will announce the outcome of the Court application on the AIL website (at www.amtrustinternational.com/porfoliotransfers) following the Court Hearing due on 11 June 2019. Any changes or information on the progress of the Transfer will also be announced on this website. You should check this website for any changes or contact us on the details at section 0.1 above.

If the application is successful then the Transfers should take place on the Effective Date (being **30 June 2019**).

Glossary

AmTrust or Companies mean AMIL and AEL.

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.

Effective Date means 30 June 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 AIL 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 Mr Michael Tripp of Mazars LLP whose appointment, which has been approved by the Regulators, involves producing the Report

PRA means the Prudential Regulation Authority. The PRA 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 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 of the Independent Expert's conclusions of events that have happened subsequent to the release of his initial Report.

Transfer means the legal transfer of the Transferring Policies from AMIL to AEL.

Transferring Policies means all of AMIL's UK policies transferring to AEL under the Scheme.