

IN THE HIGH COURT OF JUSTICE

BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES

COMPANIES LIST (ChD)

IN THE MATTER OF THE BRITANNIA STEAM SHIP INSURANCE ASSOCIATION LIMITED

AND THE BRITANNIA STEAM SHIP INSURANCE ASSOCIATION EUROPE M.A.

AND IN THE MATTER OF THE FINANCIAL SERVICES AND MARKETS ACT 2000

**SUMMARY STATEMENT OF THE
TERMS OF THE SCHEME
AND
SUMMARY OF THE INDEPENDENT EXPERT'S SCHEME REPORT**

Proposed transfer of the entire insurance and reinsurance business of The Britannia Steam Ship Insurance Association Limited ("**Britannia**") to The Britannia Steam Ship Insurance Association Europe m.a. ("**Britannia Europe**") under Part VII of the Financial Services and Markets Act 2000.

INTRODUCTION

1. It is proposed to transfer Britannia's entire insurance and reinsurance business to Britannia Europe pursuant to a court-sanctioned insurance business transfer scheme (the "**Scheme**"). A summary of the terms of the Scheme is set out below. A full copy of the Scheme is available at <https://britanniapandi.com/part-vii-transfer>.
2. The proposed transfer forms part of Britannia's planning in response to the United Kingdom's exit from the European Union ("**Brexit**"), which took place on 31 January 2020. As a result of its UK-authorized head office in London, Britannia currently enjoys EEA "passporting" rights enabling Britannia to write and service insurance and reinsurance contracts within the EEA without the need for any further authorisation. As a consequence of Brexit, it is expected that Britannia will lose its current "passporting" rights at the end of the transition period on 31 December 2020. The proposed transfer

is designed to ensure that following the end of the transition period, existing EEA contracts of insurance and reinsurance can continue to be serviced and new EEA insurance business can be written and to revert to a structure with a single insurer, so saving the operational, compliance and administrative costs of two insurers and enabling more efficient management of solvency capital requirements.

3. Britannia Europe is a mutual insurance association registered in Luxembourg formed in November 2018 as part of Britannia's planning for Brexit; it is authorised as an insurer in Luxembourg. Britannia Europe has a branch in the United Kingdom which is at present authorised under the EEA passporting regime and will, after the end of the transition period, be authorised under the UK's temporary permissions regime pending full authorisation. It is in the process of obtaining authorisation for branches in Japan, Hong Kong and Singapore corresponding to Britannia's branches in those jurisdictions.
4. The business to be transferred comprises Britannia's entire insurance and reinsurance business, including all insurance and reinsurance contracts in respect of which Britannia is the insurer or reinsurer together with Britannia's outwards reinsurance contracts and all other contracts, assets and liabilities of Britannia whatsoever unless expressly excluded from the transfer under the terms of the Scheme (the "**Transferring Business**"). The insurance and reinsurance contracts comprised in the Transferring Business were written by Britannia through its various establishments from time to time. The outwards reinsurance contracts and arrangements to be transferred to Britannia Europe include, amongst others, Britannia's rights and liabilities under the Pooling Agreements between the members of the International Group of P&I Clubs and any outwards reinsurance arrangements concluded by the International Group of P&I Clubs for its members.
5. The proposed transfer is conditional upon the High Court of England and Wales (the "**Court**") granting an order pursuant to Part VII of the Financial Services and Markets Act 2000 ("**FSMA 2000**") sanctioning the Scheme. The Court will only approve the proposed transfer if it considers it appropriate in all the circumstances.
6. Subject to the approval of the Scheme by the Court, the proposed transfer will become effective from 20 February 2021 save that those parts of Britannia's business which are administered through its branches in Japan, Hong Kong and Singapore may transfer at a later date if Britannia Europe's corresponding branches in any of those jurisdictions have not received all necessary approvals and authorisations prior to that date.
7. During this process, Britannia is working in close consultation with its regulators, the Prudential Regulation Authority (the "**PRA**") and the Financial Conduct Authority (the "**FCA**") who are assessing the proposed transfer having regard to their objectives. The PRA and FCA will each provide reports on the proposed transfer to the Court.
8. The legal process to effect the proposed transfer, in addition to the Court's approval, also requires an independent expert to give his opinion on the likely impact of the proposed transfer. Simon Sheaf of Grant Thornton UK LLP (the "**Independent Expert**") has been appointed to act as the independent expert in respect of the

Scheme and his appointment has been approved by the PRA in consultation with the FCA. The Independent Expert has prepared a report on the Scheme ("**Scheme Report**") the principal conclusion of which is that no policyholder would be materially adversely affected by the Scheme and that there is no reason why the Scheme should not proceed. A summary of the Scheme Report is set out below. A full copy of the report is available at <https://britanniapandi.com/part-vii-transfer/>.

COURT HEARING AND OBJECTIONS

9. The Court hearing to consider the Scheme is expected to take place on 29 January 2021 at The Rolls Building, 7 Rolls Buildings, Fetter Lane, London EC4A 1NL.
10. Any person who believes that they would be adversely affected by the proposed transfer has a right to attend the scheduled Court hearing and make representations, either in person or by a barrister or solicitor-advocate. If any policyholder or policyholder's representative plans to attend the Court hearing such policyholder is requested to make Britannia aware as soon as possible and where possible no later than ten business days prior to the hearing, so that Britannia can keep such policyholder informed of any changes to the hearing, such as time or date or venue.
11. **Any person who objects to, or considers they may be adversely affected by, the Scheme but does not intend to attend the hearing may make representations about the Scheme by giving written notice of such representations to Britannia and Britannia Europe at Tindall Riley (Britannia) Limited, Regis House, 45 King William Street, London EC4R 9AN or by calling +44 (0)20 7407 3588, in each case as soon as possible and preferably before 22 January 2021. All representations will be provided to the Court at the hearing.**

SUMMARY OF THE TERMS OF THE SCHEME

Transfer of the Transferring Business

12. Subject to the approval of the Scheme by the Court, with effect from 20 February 2021, the Transferring Non-Branch Assets and the Transferring Non-Branch Liabilities, including the Transferring Non-Branch Policies, will transfer to Britannia Europe.

Each of the following will transfer to Britannia Europe either on 20 February 2021, if the corresponding branch of Britannia Europe has received all necessary authorisations and approvals prior to that date, or on the date falling ten days after such authorisations and approvals have been obtained:

- (a) the Transferring Japan Branch Assets and the Transferring Japan Branch Liabilities, including the Japan Branch Policies;
- (b) the Transferring Hong Kong Branch Assets and the Transferring Hong Kong Branch Liabilities, including the Transferring Hong Kong Branch Policies; and
- (c) the Transferring Singapore Branch Assets and the Transferring Singapore Branch Liabilities, including the Transferring Singapore Branch Policies.

Consequently, subject to the approval of the Scheme by the Court, with effect from 20 February 2021, all the assets and liabilities of Britannia will transfer to Britannia Europe save for any relating to a branch of Britannia in Japan, Hong Kong or Singapore a corresponding branch of which has not been established by Britannia Europe by that date; the assets and liabilities relating to any such branch will be transferred to Britannia Europe as soon as practicable following receipt of the necessary approvals for a corresponding Britannia Europe branch.

13. From the date of transfer:
 - (a) Britannia Europe will become the insurer or reinsurer, as the case may be, of the transferred contracts of insurance and reinsurance for which Britannia is currently the insurer or reinsurer.
 - (b) Those contracts of insurance and reinsurance will cease to be governed by Britannia's articles of association and rules, and will instead be governed by Britannia Europe's articles of association and rules. In all material respects, subject to Luxembourg legal requirements, Britannia Europe's articles of association mirror Britannia's articles of association. Britannia Europe has adopted rules pursuant to its articles of association which are identical to Britannia's current rules so, the transferred contracts of insurance and reinsurance will remain unchanged. As a result, a holder of a Transferring Policy will be entitled to the same rights and benefits against and subject to the same obligations to Britannia Europe as prior to the transfer vis-à-vis Britannia.
 - (c) Members of Britannia who renew their policies on 20 February 2021 will automatically become members of Britannia Europe on that date, save that members whose policies relate to a branch of Britannia for which a corresponding branch of Britannia Europe has not been established by that date will become members of Britannia Europe following establishment of its corresponding branch and the transfer to that branch being made as described above.
14. Pending completion of the transfer of Britannia's branch business, Britannia's outwards reinsurance contracts will be split between Britannia and Britannia Europe, ensuring that all contracts of insurance or reinsurance continue to benefit from any existing outwards reinsurance cover.
15. On completion of the transfer of the Transferring Business, all contracts, including all outwards reinsurance arrangements, and all assets and liabilities of Britannia (save for some specifically excluded items) will have transferred to Britannia Europe and will have become contracts, assets and liabilities of Britannia Europe.
16. For the policy year 2021/2022, Britannia and Britannia Europe will enter into new outwards reinsurance agreements with Hydra, Boudicca and USMIA, which are structured to take the proposed transfer into account. There is therefore no need to transfer these contracts under the Scheme.

17. A number of items specifically excluded from the Scheme will transfer to Britannia Europe outside of the Scheme:
 - 17.1 Separate arrangements have been made for the transfer of the Hydra Shares and the USMIA (Britannia's group reinsurer) shares to Britannia Europe.
 - 17.2 A new security interest agreement will be concluded, which ensures that Boudicca's assets may not be dissipated to the detriment of the reinsurance agreements with Britannia Europe.
18. If for any reason it is not possible to transfer a contract of insurance or reinsurance (or other liability) intended to be transferred to Britannia Europe, such contract will not be transferred but instead Britannia Europe will indemnify Britannia in respect of any liabilities arising under such contract. It is not expected, however, that this will occur. If for any reason it is not possible to transfer an asset intended to be transferred to Britannia Europe under the Scheme on the relevant transfer date, Britannia will hold such asset on trust for Britannia Europe.
19. All proceedings, whether current, future, pending, threatened or otherwise involving Britannia will be commenced or continued by or against Britannia Europe in place of Britannia and Britannia Europe will be entitled to all defences, claims, counterclaims and rights of set-off that Britannia would have had.
20. Any judgment, settlement, order or award which is not fully satisfied before the transfer will become enforceable by or against Britannia Europe in place of Britannia.
21. Any premium and calls payable in respect of a contract of insurance or reinsurance transferring under the Scheme will become payable to Britannia Europe in place of Britannia, and any mandate or other instruction in force on and providing for the payment by a banker or other intermediary of such premiums and calls shall take effect as if it had provided for and authorised payment to Britannia Europe.
22. From the date of transfer, Britannia Europe will become the data controller in place of Britannia in relation to the Transferring Business, save to the extent prohibited or restricted by applicable data protection laws, and consents and information given to Britannia will be deemed to have been given to Britannia Europe.
23. The Scheme provides that it may be amended by application to the Court, provided that the PRA and the FCA have been notified of the application and a certificate is obtained from an independent expert who is approved by the PRA (having consulted with the FCA), confirming that in his opinion (having considered the proposed amendments), the proposed amendments to the Scheme would not have a material adverse effect on the policyholders of Britannia or any other person.

SUMMARY OF THE SCHEME REPORT

Introduction

1. This is a summary of the report prepared by Mr Simon Sheaf, the Independent Expert, on the Scheme. The Scheme Report contains detailed information that is not shown in this summary.
2. This summary and the Scheme Report have been prepared on the instruction of Britannia for the benefit of the Court solely for the purposes of the FSMA 2000 requirements for Part VII transfers. The Independent Expert owes a duty to the Court to help the Court on matters within his expertise. This duty overrides any obligation to any person from whom he has received instructions or by whom he is paid. This summary is subject to the same limitations as those set out in the Scheme Report and in the event of any real or perceived conflict between this summary and the Scheme Report, the Scheme Report shall prevail.
3. This summary and the Scheme Report have been prepared for the benefit of the Court and may be relied on by the Court. Neither the Independent Expert nor Grant Thornton UK LLP accepts any responsibility or liability to any third party in relation to the Scheme Report or this summary. Any reliance placed by such third parties on the Scheme Report or this summary is entirely at their own risk.
4. In this section, Britannia Holdings, Britannia, Britannia Europe, and their respective branches, subsidiary and dedicated reinsurers (where relevant) are referred to as the "Britannia Group"

Overview of analysis

5. In considering the impact of the Scheme on policyholders, the Independent Expert has considered both the impact of the Scheme on the financial resources available to support policyholders and also a number of non-financial impacts regarding how the policyholders' experience may change as a result of the Scheme.
6. The Independent Expert's approach to considering the effect of the Scheme on non-financial service levels experienced by policyholders has been to determine if a change in service arrangements would occur if the Scheme were to proceed, and to compare any changes with the arrangements that would be in place were the Scheme not to proceed.

Impact of COVID-19

7. The Independent Expert's analysis has included allowing for the impact of COVID-19. While he has relied on estimates calculated by Britannia he has reviewed these estimates and carried out his own calculations where he has deemed this appropriate for his own analysis. . The Britannia Group has allowed for the impact of COVID-19 on both a best estimate basis and under a 'worst case' scenario and the Independent Expert considers its approach to this to be reasonable. He has also considered the impact of a more pessimistic modelling of the 'worst case' impact of COVID-19 on the Britannia Group.

8. The Independent Expert's opinion is that he considers that Britannia, Britannia Europe and the Britannia Group will have access to sufficient assets to meet their liabilities, following a pessimistic 'worst case' impact of the COVID-19 global pandemic.

Transferring Business – Transferring Non-Branch Business

9. The Independent Expert's opinion is that the security of the transferring policyholders in the Transferring Non-Branch Business is not expected to be materially adversely affected by the Scheme, including under insolvency, for the following reasons:
 - (a) The overall solvency position of the Britannia Group will remain materially unchanged by the Scheme. As the Transferring Non-Branch Business is remaining within the Britannia Group, it will continue to benefit from the security and considerable capital resources of the Britannia Group as a whole. This is evidenced by the analysis and testing in the Independent Expert's Scheme Report.
 - (b) Regardless of when Britannia Europe's branches are approved, the Independent Expert's opinion is that Britannia Europe will be sufficiently capitalised to meet policyholder obligations over the course of the run-off of the Transferring Non-Branch Business. According to the Independent Expert, any reduction in solvency experienced as a result of delays in the approval of Britannia Europe's branches is only expected to be in place for a temporary period of up to 12 months, ahead of the Longstop Date, and is not expected to materially impact the likelihood of Britannia Europe being unable to meet its obligations. The Independent Expert's opinion is based on his analysis of the solvency position of Britannia Europe before and after the Scheme in his Scheme Report.
 - (c) The Transferring Non-Branch Business will maintain the same reinsurance protections as it currently does prior to the Scheme.
 - (d) The Independent Expert does not expect the Scheme to have a material impact on transferring policyholders in the event of the insolvency of Britannia Europe post-Scheme for the reasons discussed in his Scheme Report.
 - (e) The Independent Expert does not expect the Scheme to have a material impact on transferring policyholders in respect of access to the UK Financial Services Compensation Scheme (the "**FSCS**") for the reasons discussed in his Scheme Report.

Transferring Business – Branch Business

If the Transferring Japan Branch Business, Transferring Hong Kong Branch Business or Transferring Singapore Branch Business transfers on the Initial Effective Date

10. According to the Independent Expert, in any of these scenarios, these policyholders will be subject to the same level of security as the Transferring Non-Branch Business. Therefore, the Independent Expert's opinion is that the Scheme would not have a

material adverse impact on the security of these policyholders, for the reasons given in the 'Transferring Non-Branch Business' subsection above.

If the Japan Branch Transfer Date falls after the Initial Effective Date

11. In these circumstances, the Independent Expert's opinion is that the Scheme will not have a material adverse impact on the security of the policyholders in the Transferring Japan Branch Business who would remain in Britannia temporarily, including under insolvency, for the following reasons:
- (a) Britannia's solvency position is expected to remain high at the Initial Effective Date.
 - (b) Britannia's Japan branch holds assets locally to support the business within the branch, as is required by local regulation.
 - (c) The Transferring Japan Branch Business will maintain the same reinsurance protection as it currently does prior to the Initial Effective Date and will do so following the Scheme.
 - (d) Britannia is a long-established reputable P&I club and the Britannia Group's intention is to transfer the entirety of the business to Britannia Europe. It has confirmed to the Independent Expert that its intention is not to leave any group of policyholders in Britannia. As a result, the Independent Expert's expectation is that it will continue to support these policyholders should funds be required.
 - (e) In the event that Britannia experiences issues in respect of its regulatory capital requirement and this also has an impact on the Britannia Group's regulatory capital requirement, the Britannia Group will be provided with top-up funds from one of its dedicated reinsurers, to ensure it is able to meet its regulatory capital requirement. The Independent Expert understands from the Britannia Group that, in this scenario, the Britannia Group would provide funds to Britannia, to ensure that the regulatory requirements of Britannia could also be met.
 - (f) In the event that Britannia experiences issues in respect of its regulatory capital requirement and this does not have a corresponding impact on the Britannia Group's regulatory capital requirement, the Independent Expert understands from the Britannia Group that, in this scenario, the reinsurance subsidiary of Britannia Europe would redistribute funds to Britannia, via Britannia Holdings, to ensure that the regulatory requirements of Britannia could be met.
 - (g) These policyholders will remain subject to the same regulations in the event of Britannia being wound-up during the temporary period as they would have been pre-Scheme.
 - (h) Policyholder rights in respect of the FSCS in the event of the insolvency of Britannia during the temporary period will be identical to their rights in the event of the insolvency of Britannia pre-Scheme.

- (i) Once the Transferring Japan Branch Business has transferred to Britannia Europe, these policyholders will be subject to the same level of security as the Transferring Non-Branch Business, at which point the Independent Expert is of the opinion that the Scheme would not have a material adverse impact on the security of these policyholders, for the reasons given in the 'Transferring Non-Branch Business' subsection above.

If the Hong Kong Branch Transfer Date falls after the Initial Effective Date

12. If the Transferring Hong Kong Branch Business were to remain in Britannia temporarily, the Independent Expert considers that his analysis suggests that Britannia's solvency position is expected to remain high at the Initial Effective Date.
13. The Independent Expert's opinion is that the Scheme will not have a material adverse impact on the security of the policyholders remaining in Britannia temporarily, including under insolvency, for analogous reasons to those given in the 'If the Japan Branch Transfer Date falls after the Initial Effective Date' subsection above.

If the Singapore Branch Transfer Date falls after the Initial Effective Date

14. If the Transferring Singapore Branch Business were to remain in Britannia temporarily, the Independent Expert considers that his analysis suggests that Britannia's solvency position is expected to remain high at the Initial Effective Date.
15. The Independent Expert's opinion is that the Scheme will not have a material adverse impact on the security of the policyholders remaining in Britannia temporarily, including under insolvency, for analogous reasons to those given in the 'If the Japan Branch Transfer Date falls after the Initial Effective Date' subsection above.

What are the other financial impacts of the Scheme?

16. In addition, in the Scheme Report the Independent Expert has considered the impact of the Scheme on each of investment strategy; liquidity position; ongoing expenses; pension arrangements; tax; new business strategy; and other transfers. He does not identify any changes in any of these areas as a result of the Scheme that would cause any material adverse impact to any of the policyholders within the Transferring Business.

What is the non-financial impact of the Scheme?

17. In the Scheme Report the Independent Expert has considered the impact of any changes as a result of the Scheme to each of regulatory jurisdiction; claims handling and policy administration; complaints; 'Brexit'; the Employers' Liability Tracing Office, recognition of the Scheme in other jurisdictions; governance and management frameworks; a recent court ruling in respect of another proposed transfer; the non-financial impact of COVID-19; the impact on policyholders should the Scheme not become effective; the impact should Britannia Europe's application to convert its UK branch into a third country branch following the Scheme not be successful; and the impact if one or more of Britannia Europe's branches are not approved before the Longstop Date or if one or both of the Singapore scheme and the Hong Kong novation

are not approved or effected before the Initial Effective Date. The Independent Expert does not identify any changes as a result of the Scheme in any of these areas that would cause any material adverse impact on policyholders.

Will the Scheme impact members' proprietary rights?

18. Britannia is a mutual association, and therefore is wholly owned by its members. Britannia's membership is comprised of the following groups:
 - (a) external members:
 - (i) every person whose application to enter a ship for insurance has been accepted; and
 - (ii) every person whose application for reinsurance has been accepted,
 - (b) internal members:
 - (i) current directors of Britannia; and
 - (ii) Britannia Holdings.
19. As part of the Scheme, all renewing external members of Britannia will become external members of Britannia Europe.
20. Britannia Europe is not expected to have any external members prior to the Scheme, nor any internal members which differ from the current internal membership of Britannia, and therefore the Independent Expert has not needed to consider the impact of the Scheme on the existing members of Britannia Europe.
21. The Independent Expert has reviewed the conditions for being accepted as a member in the respective Articles of Association of each of Britannia and Britannia Europe and they are, in essence, the same, although he understands from the Britannia Group that there have been some minor changes to the Articles of Association in order to comply with Luxembourg law. He does not consider that these changes are expected to have a material adverse impact on the members' proprietary rights.
22. As a result, the Independent Expert's opinion is that the Scheme will have no material adverse impact on the proprietary rights of the current members of Britannia.

Will the Scheme impact reinsurers?

23. The reinsurance cover that currently exists for Britannia will apply to Britannia Europe following the Scheme. Since that reinsurance will be covering the same set of policyholders before and after the Scheme, this will not create any additional exposure for any of the transferring reinsurers compared to the position if the Scheme does not proceed.
24. The Independent Expert understands from the Britannia Group that existing reinsurance contracts are going to be revised, with effect from the Initial Effective Date, such that covers will apply in aggregate to both Britannia and Britannia Europe, to the

extent that the wording of the reinsurance contracts does not already provide for this. This will ensure that business written by Britannia's branches which remains temporarily in Britannia will benefit from the same reinsurance protection, during this period, as those policies which have already transferred. However, this will not create any additional exposure for any of the transferring reinsurers compared to the position if the Scheme does not proceed.

25. As a result, the Independent Expert's opinion is that the Scheme will have no material adverse impact on the transferring reinsurers.

Overall conclusion

26. The Independent Expert has considered the Scheme and its likely effect on transferring policyholders and reinsurers. He does not expect any group of policyholders or reinsurers to be materially adversely affected by the Scheme and therefore he sees no reason why the Scheme should not proceed.

Appendix

Definitions

"Boudicca" means Boudicca Insurance Company Limited, a company incorporated in Bermuda, registered under number 22827, having its registered office at Butterfield Bank Building, 6th Floor, 65 Front Street, Hamilton HM 12, Bermuda;

"Excluded Assets" means all rights of Britannia under, in respect of, arising from or in connection with:

- (a) any Excluded Contracts;
- (b) the Hydra Shares (including, for the avoidance of doubt, the Hydra Britannia Cell); or
- (c) the USMIA shares;

"Excluded Contracts" means:

- (a) the management agreement between Britannia and Tindall Riley dated 29 March 2019 (save as regards any rights relating to documents, files, correspondence, data and other records, whether in hard-copy or electronic form, relating to the Transferring Business, which are under the control of Britannia, Tindall Riley or any third-party service providers);
- (b) the security interest agreement dated 26 March 2010 between Boudicca and Britannia over certain cash and securities beneficially owned by Boudicca;
- (c) the security interest agreement between Boudicca, Britannia and Britannia Europe over certain cash and securities beneficially owned by Boudicca, which takes effect from 20 February 2021;
- (d) the reinsurance agreement between Britannia, Britannia Europe and Hydra which takes effect from 20 February 2021;
- (e) the reinsurance agreement between Britannia, Britannia Europe and USMIA which takes effect from 20 February 2021;
- (f) the reinsurance agreement between Britannia, Britannia Europe and Boudicca which takes effect from 20 February 2021;
- (g) the Hydra Governing Instrument;
- (h) the reinsurance agreement between Britannia and Britannia Europe in respect of the Transferring Policies other than those that transfer on the Initial Effective Date which takes effect from 20 February 2021; and
- (i) the Excluded Policies;

"Excluded Liabilities" means all liabilities of Britannia under, in respect of, arising from or in connection with:

- (a) any Excluded Contract;
- (b) the Hydra Shares (including, for the avoidance of doubt, the Hydra Britannia Cell);
- (c) the USMIA shares;

"Excluded Policies" means any insurance or reinsurance contracts or any part thereof in respect of which Britannia is the insurer or reinsurer, under which any liability remains unsatisfied or outstanding as at the Initial Effective Date, the Hong Kong Branch Transfer Date, the Japan Branch Transfer Date or the Singapore Branch Transfer Date, as applicable:

- (i) which the Court for any reason determines shall not be transferred by virtue of the Scheme or the Order; or
- (ii) which prior to the Court making the Order Britannia and Britannia Europe agree should be excluded from the Scheme;

"Hong Kong Branch Transfer Date" means:

- (a) the Initial Effective Date, if prior to the Initial Effective Date all necessary authorisations and approvals have been granted by the Hong Kong regulator (the Insurance Authority) enabling Britannia Europe's branch in Hong Kong to lawfully carry on the Transferring Hong Kong Branch Business; or alternatively,
- (b) the date on which the Hong Kong regulator (the Insurance Authority) grants all necessary authorisations and approvals enabling Britannia Europe's branch in Hong Kong lawfully to carry on the Transferring Hong Kong Branch Business, provided such date precedes the Long Stop Date;

"Hydra" means Hydra Insurance Company Limited, a company incorporated in Bermuda, registered under number 34843, having its registered office located at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda, which acts as the International Group's captive reinsurance vehicle, and in which each of the member clubs of the International Group has its own segregated account or cell;

"Hydra Reinsurance" means all contracts of reinsurance under which Hydra provides cover to Britannia in connection with (i) Britannia's liabilities under the Pooling Agreements for pooled risks and losses and (ii) the Transferring Policies, other than the reinsurance agreement between Britannia, Britannia Europe and Hydra which takes effect from 20 February 2021;

"Hydra Shares" means the ordinary and preferred shares in the capital of Hydra registered in name of Britannia;

"Initial Effective Date" means, subject to paragraph 16 of the Scheme document, 12.00 GMT on 20 February 2021;

"International Group" means the unincorporated association known as the "International Group of P&I Clubs", comprised of various mutual insurance associations providing marine liability cover, including Britannia and Britannia Europe, as constituted from time to time;

"Japan Branch Transfer Date" means:

- (a) the Initial Effective Date, if prior to the Initial Effective Date all necessary authorisations and approvals have been granted by the Japanese regulator (the Japanese Financial Services Agency) enabling Britannia Europe's branch in Japan to lawfully carry on the Transferring Japan Branch Business; or alternatively,
- (b) 12:00 GMT on 20 February 2022;

"Longstop Date" means 12:00 GMT on 20 February 2022

"Pooling Agreements" means the pooling agreement dated 20 February 2020 between the member clubs of the International Group for the pooling of certain risks and the sharing of certain losses, and any addendum to, variation or replacement of the said agreement together with all prior pooling agreements (including any agreements supplemental thereto) between the member clubs of the International Group (or certain of them) from time to time;

"Singapore Branch Transfer Date" means:

- (a) the Initial Effective Date, if prior to the Initial Effective Date all necessary authorisations and approvals have been granted by the Singaporean regulator (the Monetary Authority of Singapore) enabling Britannia Europe's branch in Singapore to lawfully carry on the Transferring Singapore Branch Business; or alternatively,
- (b) the date on which the Singaporean regulator (the Monetary Authority of Singapore) grants all necessary authorisations and approvals enabling Britannia Europe's branch in Singapore to lawfully carry on the Transferring Singapore Branch Business, provided such date precedes the Long Stop Date;

"Transferring Assets" means:

- (a) the Transferring Non-Branch Assets;
- (b) the Transferring Hong Kong Branch Assets;
- (c) the Transferring Japan Branch Assets; and
- (d) the Transferring Singapore Branch Assets;

"Transferring Business" means all the insurance and reinsurance business of Britannia, comprising:

- (a) the Transferring Assets; and
- (b) the Transferring Liabilities;

"Transferring Hong Kong Branch Assets" means all of the following but excluding the Excluded Assets:

- (a) all rights of Britannia under, in respect of, arising from or in connection with the Transferring Hong Kong Branch Policies;
- (b) all rights of Britannia under, in respect of, arising from or in connection with the Transferring Outwards Reinsurances in so far as relevant to, and to the extent that they provide cover in respect of the Transferring Hong Kong Branch Policies; and
- (c) the assets (including regulatory capital) of Britannia to the extent they relate exclusively to the carrying on of business by Britannia's branch in Hong Kong, including the United States Treasury Securities with around one, three, six and twelve month maturities, free cash held in a bank as working capital and any reinsurance recoveries for outstanding claims,

including all documents, files, correspondence, data and other records, whether in hard-copy or electronic form, relating exclusively to the Transferring Hong Kong Branch Assets (listed above), the Transferring Hong Kong Branch Liabilities or the Transferring Hong Kong Branch Policies, which are in the possession of, or under the control of, Britannia or its third-party service providers;

"Transferring Hong Kong Branch Business" means the insurance and reinsurance business of Britannia's branch in Hong Kong including

- (a) the Transferring Hong Kong Branch Assets; and
- (b) the Transferring Hong Kong Branch Liabilities;

"Transferring Hong Kong Branch Liabilities" means all of the following but excluding the Excluded Liabilities:

- (a) all liabilities of Britannia under, in respect of, arising from or in connection with the Transferring Hong Kong Branch Policies;
- (b) all liabilities of Britannia under, in respect of, arising from or in connection with the Transferring Outwards Reinsurances in so far as relevant to, and to the extent that they provide cover in respect of the Transferring Hong Kong Branch Policies;

"Transferring Hong Kong Branch Policies" means all insurance and reinsurance contracts (or any part thereof) in respect of which Britannia is the insurer or reinsurer as at the Initial Effective Date or the Hong Kong Branch Transfer Date (or both), which

are administered in Hong Kong by or on behalf of Britannia, acting through its Hong Kong branch, (including insurance and reinsurance contracts originally written by or on behalf of Britannia through another branch), and including any expired, surrendered, lapsed, matured or reinstated contracts, excluding the Transferring Non-Branch Policies, the Transferring Japan Branch Policies, the Transferring Singapore Branch Policies and the Excluded Policies;

"Transferring Japan Branch Assets" means all of the following but excluding the Excluded Assets:

- (a) the rights, benefits and property of Britannia under, in respect of, arising from or in connection with the Transferring Japan Branch Policies;
- (b) all rights of Britannia under, in respect of, arising from or in connection with the Transferring Outwards Reinsurances in so far as relevant to, and to the extent that they provide cover in respect of the Transferring Japan Branch Policies; and
- (c) the assets (including regulatory capital) of Britannia to the extent they relate exclusively to the carrying on of business by Britannia's branch in Japan, including the United States Treasury Securities with around one to three-year maturities, free cash held in a bank as working capital and any reinsurance recoveries for outstanding claims,

including all documents, files, correspondence, data and other records, whether in hard-copy or electronic form, relating exclusively to the Transferring Japan Branch Assets, which are in the possession of, or under the control of, Britannia or its third-party service providers;

"Transferring Japan Branch Business" means the insurance and reinsurance business of Britannia's branch in Japan including

- (a) the Transferring Japan Branch Assets; and
- (b) the Transferring Japan Branch Liabilities.

"Transferring Japan Branch Liabilities" means all of the following but excluding the Excluded Liabilities:

- (a) all liabilities of Britannia under, in respect of, arising from or in connection with the Transferring Japan Branch Policies;
- (b) all liabilities of Britannia under, in respect of, arising from or in connection with the Transferring Outwards Reinsurances in so far as relevant to, and to the extent that they provide cover in respect of the Transferring Japan Branch Policies;

"Transferring Japan Branch Policies" means all insurance and reinsurance contracts (or any part thereof) in respect of which Britannia is the insurer or reinsurer as at the Initial Effective Date or the Japan Branch Transfer Date (or both), which are

administered in Japan by or on behalf of Britannia, acting through its Japan branch, (including insurance and reinsurance contracts originally written by or on behalf of Britannia through another branch), and including any expired, surrendered, lapsed, matured or reinstated contracts, excluding the Transferring Non-Branch Policies, the Transferring Hong Kong Branch Policies, the Transferring Singapore Branch Policies and the Excluded Policies;

"Transferring Liabilities" means:

- (a) the Transferring Non-Branch Liabilities;
- (b) the Transferring Hong Kong Branch Liabilities;
- (c) the Transferring Japan Branch Liabilities; and
- (d) the Transferring Singapore Branch Liabilities,

but not the Excluded Liabilities;

"Transferring Non-Branch Assets" means all assets and rights of Britannia whether or not situated in the EEA or UK as at the Initial Effective Date, excluding the Transferring Hong Kong Branch Assets, the Transferring Japan Branch Assets and the Transferring Singapore Branch Assets and the Excluded Assets, but including all of the following:

- (a) all rights of Britannia under, in respect of, arising from or in connection with the Transferring Non-Branch Policies;
- (b) all rights of Britannia under, in respect of, arising from or in connection with the Transferring Outwards Reinsurances in so far as relevant to, and to the extent that they provide cover in respect of, the Transferring Non-Branch Policies;
- (c) all rights of Britannia to any asset, including any shares, securities, deposits, debts, cash, derivatives, unsettled investment transactions, security interests;
- (d) all rights of Britannia against any third party, whether under, in respect of, arising from or in connection with any agreements, contracts, engagements, licences, guarantees, intermediary agreements or other arrangement, event or circumstances; and
- (e) any other asset or right which the Parties agree, whether before or after the Initial Effective Date, are to be transferred under this Scheme,

including all documents, files, correspondence, data and other records, whether in hard-copy or electronic form, relating exclusively to the Transferring Non-Branch Assets (listed under (a) to (e) above), the Transferring Non-Branch Policies or the Transferring Non-Branch Liabilities, which are in the possession of, or under the control of, Britannia or its third-party service providers;

"Transferring Non-Branch Business" means the insurance and reinsurance business of Britannia, comprising all the business of Britannia wherever conducted,

other than the Transferring Hong Kong Branch Business, the Transferring Japan Branch Business and the Transferring Singapore Branch Business, including:

- (a) the Transferring Non-Branch Assets; and
- (b) the Transferring Non-Branch Liabilities.

"Transferring Non-Branch Liabilities" all liabilities of Britannia wherever due as at the Initial Effective Date, excluding the Transferring Hong Kong Branch Liabilities, the Transferring Japan Branch Liabilities and the Transferring Singapore Branch Liabilities and the Excluded Liabilities, but including all of the following:

- (a) all liabilities of Britannia under, in respect of, arising from or in connection with the Transferring Non-Branch Policies;
- (b) all liabilities of Britannia under, in respect of, arising from or in connection with the Transferring Outwards Reinsurances in so far as relevant to, and to the extent that they provide cover in respect of the Transferring Non-Branch Policies;
- (c) all liabilities of Britannia in respect of, arising from or in connection with any assets, including securities, deposits, debts, cash, derivatives, unsettled investment transactions, security interests;
- (d) all liabilities of Britannia including under, in respect of, arising from or in connection with any agreements, contracts, engagements, licences, guarantees, intermediary agreements or other arrangement, event or circumstances (including any liabilities in relation to mis-selling and any quotations not proceeded with);

"Transferring Non-Branch Policies" means all insurance and reinsurance contracts (or any part thereof) wherever in the world concluded in respect of which Britannia is the insurer or reinsurer as at the Initial Effective Date, which are administered in the EEA or the UK by or on behalf of Britannia, acting through one of its EEA or UK branches, (including insurance and reinsurance contracts originally written by or on behalf of Britannia through another branch), and including any expired, surrendered, lapsed, matured or reinstated contracts but excluding the Transferring Hong Kong Policies, the Transferring Japan Branch Policies, the Transferring Singapore Branch Policies and the Excluded Policies;

"Transferring Outwards Reinsurances" means any outwards contracts of reinsurance, retrocession and/or indemnity, other than an Excluded Contract, which provide cover to Britannia in connection with the Transferring Policies or its liabilities under the Pooling Agreement for pooled risks, losses and liabilities, including any rights to cover, indemnification or other recoveries under:

- (a) the Pooling Agreements;
- (b) the Hydra Reinsurance;

- (c) any reinsurance obtained by the International Group for the benefit of its members;
- (d) the USMIA Reinsurance;
- (e) the Boudicca Reinsurance;
- (f) all reinsurance in respect of any of Britannia's non-poolable risks excluded from the Pooling Agreements;
- (g) all reinsurance in respect of Britannia's charterers' business comprising P&I cover, damage to hull cover, and cover for bunkers-related losses;
- (h) the reinsurance agreement between Britannia and Canopus Group Limited providing stop loss cover entered into on 20 February 2017;
- (i) additional overspill protection cover;
- (j) guarantees cover; and
- (k) freight, demurrage and defence cover;

"Transferring Policies" means every contract of insurance and reinsurance written, issued, or assumed by or novated to Britannia and includes:

- (a) the Transferring Non-Branch Policies;
- (b) the Transferring Japan Branch Policies;
- (c) the Transferring Hong Kong Branch Policies; and
- (d) the Transferring Singapore Branch Policies;

"Transferring Singapore Branch Assets" means all of the following but excluding the Excluded Assets:

- (a) the rights, benefits and property of Britannia under, in respect of, arising from or in connection with the Transferring Singapore Branch Policies;
- (b) all rights of Britannia under, in respect of, arising from or in connection with the Transferring Outwards Reinsurances in so far as relevant to, and to the extent that they provide cover in respect of the Transferring Singapore Branch Policies; and
- (c) the assets (including regulatory capital) of Britannia to the extent they relate exclusively to the carrying on of business by Britannia's branch in Singapore, including the United States Treasury Securities with around one, three, six and twelve month maturities, free cash held in a bank as working capital and any reinsurance recoveries for outstanding claims,

including all documents, files, correspondence, data and other records, whether in hard-copy or electronic form, relating exclusively to the Transferring Singapore Branch

Assets (listed above), the Transferring Singapore Branch Liabilities or the Transferring Singapore Branch Policies, which are in the possession of, or under the control of, Britannia or its third-party service providers;

"Transferring Singapore Branch Business" means the insurance and reinsurance business of the Singapore Branch including

- (a) the Transferring Singapore Branch Assets; and
- (b) the Transferring Singapore Branch Liabilities.

"Transferring Singapore Branch Liabilities" means all of the following but excluding the Excluded Liabilities:

- (a) all liabilities of Britannia under, in respect of, arising from or in connection with the Transferring Singapore Branch Policies;
- (b) all liabilities of Britannia under, in respect of, arising from or in connection with the Transferring Outwards Reinsurances in so far as relevant to, and to the extent that they provide cover in respect of the Transferring Singapore Branch Policies;

"Transferring Singapore Branch Policies" means all insurance and reinsurance contracts (or any part thereof) in respect of which Britannia is the insurer or reinsurer as at the Initial Effective Date or the Singapore Branch Transfer Date (or both), which are administered in Singapore by or on behalf of Britannia, acting through its Singapore branch, (including insurance and reinsurance contracts originally written by or on behalf of Britannia through another branch), and including any expired, surrendered, lapsed, matured or reinstated contracts, excluding the Transferring Non-Branch Policies, the Transferring Japan Branch Policies, the Transferring Hong Kong Branch Policies and the Excluded Policies;

"USMIA" means Universal Shipowners Marine Insurance Association Limited, a company incorporated in Bermuda, registered under number 2379, having its registered office at 7 Par-la-Ville Road, Hamilton HM11, Bermuda;

"USMIA Reinsurance" means all contracts for reinsurance under which USMIA provides cover to Britannia in connection with the Transferring Policies other than the reinsurance agreement between Britannia, Britannia Europe and USMIA which takes effect from 20 February 2021; and

"USMIA Shares" any shares in the capital of USMIA registered in the name of Britannia.