

26 February 2020

Dear Sir/Madam

IMPORTANT INFORMATION ABOUT YOUR INSURANCE POLICY WITH THE NORTH OF ENGLAND PROTECTING AND INDEMNITY ASSOCIATION LIMITED – PLEASE READ CAREFULLY

Our records show that you held a policy or policies of insurance and/or reinsurance with The North of England Protecting and Indemnity Association Limited (**NOE**). You also may have commenced a claim under an insurance or reinsurance policy underwritten by NOE.

We are writing to you to inform you that it is proposed that on 30 June 2020, all policies, assets and liabilities of Sunderland Marine Insurance Company Limited (**SMI**), an insurance company incorporated in England and Wales, will transfer to NOE under the Proposed Transfer (as defined below). As you know, SMI is a wholly-owned subsidiary of NOE and so a member of the same corporate group as NOE.

SMI proposes to transfer to NOE all insurance and reinsurance policies underwritten by SMI (the **Proposed Transfer**).

This letter contains important information about the Proposed Transfer, to allow you reasonable time to consider whether you may be adversely affected by the Proposed Transfer.

The Proposed Transfer is being undertaken as part of a restructure undertaken by the North Group. The aims of the restructure are broadly to: (i) amalgamate all underwriting business carried on in the UK by the North Group into one single licenced entity; (ii) achieve a sustainable and profitable business model for the North Group; and (iii) achieve a more efficient use of capital within the corporate group.

The Proposed Transfer must be carried out in accordance with the UK Financial Services and Markets Act 2000. This requires us to obtain approval from the High Court of England and Wales (the **Court**). It is a legal requirement for us to contact you as part of this process, and should you consider that you are adversely affected by the Proposed Transfer, you are entitled to make representations to the Court and this letter contains information on how to do so.

The Proposed Transfer must also be approved by the Royal Court of Jersey in relation to the small number of policies SMI has written in respect of the business SMI carries out in, or from within, Jersey.

The effect of the Court order (if granted) is that all rights, benefits and powers conferred on or vested in SMI under the transferring policies, as well as all obligations imposed on SMI in respect of transferring policies, will, without further action and insofar as such rights, benefits, powers and obligations relate to transferring policies, be transferred to NOE subject to the terms of the Proposed Transfer as if NOE had been the party to the transferring policies from inception. All references in the transferring policies to SMI and its directors, officers and employees or agents would then be read and construed, to the extent that such references relate to transferring policies, as being references to NOE and its directors, officers and employees or agents.

The Proposed Transfer will have no effect on your policy, which will remain with NOE and there will be no effect on:

- NOE's obligations to you;
- the terms and conditions of your cover;

- the amount of your premium;
- the duration of your policy or policies;
- the way your policy is administered; or
- any claim which you may have made or may make under your policy or policies, including the way any claims you have made or may make under your policy or policies are handled.

If you have been sent this letter because you are making a claim under a policy with NOE then nothing in this letter or the accompanying documents should be deemed to be an acknowledgment or acceptance of the validity of your claim or of any liability of NOE in relation to that claim. To the extent NOE has reserved its rights in relation to any claim, such reservation shall not be impacted by this letter and all claims and arguments available to NOE, including regarding the validity of your policy, shall be available following the Proposed Transfer.

How are your interests being protected?

The legal approval process for the Proposed Transfer is designed to help safeguard your interests.

- The Court must approve the Proposed Transfer for it to go ahead. The Court will consider whether the Proposed Transfer will adversely affect policyholders (including NOE's current policyholders) and whether it is appropriate to approve the Proposed Transfer.
- The Court hearing is due to take place on **16 June 2020** at the **High Court of Justice, 7 Rolls Buildings, Fetter Lane, London, EC4A 1NL, United Kingdom** and the application to the Royal Court of Jersey is expected to take place at **9.00am on 22 June 2020** at the **Royal Court, Royal Square, Hill Street, St Helier, Jersey, JE1 1JG**.
- An independent expert (the **Independent Expert**) has been appointed to write a report for the Court. The Independent Expert has assessed the impact of the Proposed Transfer and has concluded that it will not materially adversely affect any group of policyholders.
- SMI and NOE have consulted closely with their regulators, the Financial Conduct Authority and the Prudential Regulation Authority. The UK regulators are entitled to make their own representations to the Court.
- You have the right to attend the Court hearing that will consider the Proposed Transfer and to present any objections or concerns that you may have directly, or by appointing legal counsel to attend on your behalf. If you prefer to telephone or write to us rather than appear at Court, we will present in writing any objections received from you to the Court. If you decide to write to us you are kindly requested to do so as soon as possible and preferably no later than **9 June 2020**.
- Any change to the date of the Court hearing or the date of the Proposed Transfer will be announced on the NOE website (at www.nepia.com) and the SMI website (at www.sunderlandmarine.com).
- Subject to Court approval, it is expected that all of SMI's policies will transfer to NOE on **30 June 2020**.

What should you do?

Please carefully read the information we have included with this letter. We have enclosed:

- a copy of the formal legal notice setting out details of the Court hearing for the Proposed Transfer; and

- a summary of both the legal document that sets out the terms of the Proposed Transfer (the **Scheme Document**) and of the Independent Expert's report; and
- a booklet of frequently asked "Questions and Answers" about the Proposed Transfer.

If you are aware of anyone else who has an interest in and/or is entitled to claim under your policy (whether as a joint policyholder or in any other capacity), please inform them of the Proposed Transfer and pass on the information contained in this letter. We will reimburse your reasonable costs of doing so on receipt of a written request to us accompanied by reasonable evidence of such costs. We will provide all reasonable assistance and deal with any responses from anyone to whom you send this.

How to make your views known

If you are comfortable with the Proposed Transfer and the information contained in and included with this letter, you do not need to take any further action. However, should you need any further information or if you have any questions or concerns about the Proposed Transfer or consider that you may be adversely affected then please contact us as soon as possible and preferably no later than **9 June 2020**.

You can:

- email ged.mcternan@nepia.com;
- telephone +44 (0)191 232 5221 (between 9am and 5pm, Monday to Friday); or
- write to us at The North of England Protecting and Indemnity Association Limited, The Quayside, Newcastle upon Tyne, NE1 3DU, United Kingdom, Attention: Ged McTernan.

For your convenience, this information is also available online on the NOE website (at www.nepia.com) and the SMI website (at www.sunderlandmarine.com), together with full copies of the Scheme Document and the Independent Expert's report. All updates and details about the progress of the Proposed Transfer, including any supplemental Independent Expert's report that may be prepared prior to the Court hearing, will also be posted on these websites. It is intended that the Independent Expert's supplemental report will be published on the websites on or around **8 June 2020**.

If you have any general questions about your policy, please call your usual broking or NOE contact.

Yours faithfully



Paul Jennings
Chief Executive Officer

For and on behalf of

The North of England Protecting and Indemnity Association Limited