

Transferring to AmTrust International Underwriters dac

Your questions about the
transfer of policies answered

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Your Questions Answered

Section 1

General Overview

1.1 What are the proposed changes?

AMT Mortgage Insurance Limited (**AMIL**) proposes to transfer its mortgage insurance and reinsurance business to AmTrust International Underwriters dac (**AIU**) (the **Transfer**).

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

1.2 When will the Transfer happen?

If approved by the High Court of Justice of England and Wales (the **Court**), the Transfer is scheduled to take effect on the **Effective Date**. It is expected that this will be **31 October 2020**.

Any change to the date of the Court hearing or the date of the Transfer will be announced on our website (amtrustfinancial.com/amtrustinternational/legal/portfolio-transfers).

1.3 Which policies are transferring?

All of the policies written and/or assumed by AMIL.

1.4 Why is AMIL doing this?

As a result of the UK's exit from the European Union (**EU**) on 31 January 2020, it is necessary for the AmTrust group to restructure its European operations in order to continue to service its European policyholders following the expiry of the transitional period agreed between the UK and the EU (currently expected to end on 31 December 2020) (**Brexit**).

The Proposed Transfer is intended to ensure that the AmTrust group can continue to lawfully service your policy and/or claim following Brexit.

As part of a wider AmTrust group restructure, AIU also intends to transfer its Italian medical malpractice business to AmTrust Assicurazioni s.p.a. (**AmTrust Italy**), an Italian insurer within the AmTrust group, and AmTrust Europe Limited intends to transfer its Italian medical malpractice business to AmTrust Italy and its other European business to AIU. These additional transfers are expected to take place on 31 July 2020 and are not interdependent with the Proposed Transfer.

1.5 What happens if there is a trade deal with the EU covering financial services?

The present intention of AMIL and AIU (**AmTrust**) is to proceed with the Transfer irrespective of when the transitional period may end and regardless of the arrangements agreed between the UK and the EU for trade post-Brexit.

Any change to the date of the Court hearing, the expected Effective Date or the intended implementation of the Scheme will be announced on the AmTrust website at amtrustfinancial.com/amtrustinternational/legal/portfolio-transfers.

Section 2

More about AIU

2.1 Who is AIU?

AIU was incorporated in Ireland on 28 January 1991 and was granted its insurance and reinsurance licence by the Central Bank of Ireland on 12 June 1991.

AIU is part of the same corporate group as AMIL. Both AIU and AMIL are indirect wholly-owned subsidiaries of AmTrust Financial Services Inc., a company incorporated in the United States (**AFSI**). AFSI is itself owned by Evergreen Parent GP, LLC, a holding company incorporated in Delaware.

AIU has materially the same capital appetite framework as AMIL, with both AMIL and AIU targeting a solvency capital ratio of 140% (calculated using the Solvency II standard model). AIU has an A.M. Best financial strength rating of "A- (Excellent)".

2.3 How will AIU administer my policy?

AIU will administer the Transferring Business the same way as it is currently administered by AMIL, in line with the AmTrust group's current systems, policies and procedures for its mortgage and credit insurance and reinsurance business (as the same may be updated from time to time).

Section 3

More about the Transfer Process

3.1 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 and reinsurance policies to be moved between two insurers or reinsurers. The insurers or reinsurers 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 AIU to appoint an Independent Expert, approved by the Regulators, 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.

3.2 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 26 October 2020.**

You will be able to find information about the outcome of the hearing on our website at amtrustfinancial.com/amtrustinternational/legal/portfolio-transfers or by calling +39 340 7396587; +34 660 520 975; or +44 (0)7809 510 923.

3.3 What will happen at the Court Hearing?

The Court will consider whether the Transfer adversely affects policyholders and whether it is appropriate to allow the Transfer.

The judge will review the witness statements and evidence presented by AMIL and AIU 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.

3.4 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 are 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 counsel to attend the Court Hearing on your behalf. Any objections or concerns relating to the Transfer notified to us by telephone or in writing using the details below will 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 **19 October 2020** using the details below.

In light of current government guidelines regarding Covid-19, please note that it is possible that the hearing may take place remotely via a teleconferencing service. It is requested if you intend on attending the hearing (whether in person or via your representative), you inform AmTrust in writing (using the contact details set out below) as soon as possible and preferably before **19 October 2020**. This will enable AmTrust to provide any details necessary to attend the hearing if it is to be held remotely.

You may contact us by:

- calling +39 340 7396587; +34 660 520 975; or +44 (0)7809 510 923;
- writing to us at:
 - Amtrust International (Portfolio Transfers)
Exchequer Court
33 St Mary Axe
London EC3A 8AA
UK; or
 - Amtrust International (Portfolio Transfers)
6-8 College Green
Dublin 2
Ireland; or
- e-mailing us at: partvii@amtrustgroup.com.

3.5 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 Business. 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.

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

If the 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 our website at amtrustfinancial.com/amtrustinternational/legal/portfolio-transfers. 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.

3.7 Will I be charged extra for any of this?

No, you will not be asked to bear the costs of the Transfer. AMIL and AIU will meet the costs and fees of carrying out the Transfer.

Section 4

More about the Independent Expert

4.1 Who is the Independent Expert?

The Independent Expert is Stewart Mitchell of Lane Clark & Peacock LLP. Mr Mitchell is a Fellow of the Institute of Actuaries and has over 30 years of experience in the insurance industry.

4.2 What's his role?

The Independent Expert has been appointed to give his opinion on the likely effect of the proposals on policyholders. His Report is impartial, based on thorough scrutiny of the proposals and the businesses of AMIL and AIU have provided him with access to key staff and information he has requested, both private and public.

4.3 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 the Independent Expert nor any of his immediate family hold any policies, shareholdings or have any other financial interests with any of AMIL and AIU, or any company within the AmTrust Group.

The Independent Expert's overriding duty of responsibility is to the Court, and not AMIL and AIU. 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 our website (amtrustfinancial.com/amtrustinternational/legal/portfolio-transfers). If you would like a paper copy sent to you then please contact us on the details set out at section 3.4 above.

Section 5

Will there be any changes to my policy?

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

As noted in section 2.3 above, the administration of your policy will not change as a result of the Transfer and after the Transfer you should continue to contact your normal AmTrust contact.

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

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

5.3 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

6.1 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. AMIL and AIU have published further information at amtrustfinancial.com/amtrustinternational/legal/portfolio-transfers. There you can download a full version of the legal terms of the Transfer (set out in the Scheme document), the full Report of the Independent Expert, and the policyholder communications pack. We will also publish on the website copies of any Supplementary Reports that the Independent Expert writes before the Court Hearing date.

Alternatively please contact us using the details below and we will send you this information. You can also contact us using the details below if you have any questions or wish to raise concerns or objections related to the proposed Transfer.

You may contact us by:

- calling +39 340 7396587; +34 660 520 975; or +44 (0)7809 510 923;
- writing to us at:
 - Amtrust International (Portfolio Transfers)
Exchequer Court
33 St Mary Axe
London EC3A 8AA
UK; or
 - Amtrust International (Portfolio Transfers)
6-8 College Green
Dublin 2
Ireland; or
- e-mailing us at: partvii@amtrustgroup.com.

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

We will announce the outcome of the Court application at amtrustfinancial.com/amtrustinternational/legal/portfolio-transfers following the Court Hearing due on **26 October 2020**. Any changes or information on the progress of the Transfer will also be announced on this website.

You will be able to find information about the outcome of the hearing on our website at amtrustfinancial.com/amtrustinternational/legal/portfolio-transfers or by contacting us using the details above.

If the application is successful then the Transfer should take place on the Effective Date (being **31 October 2020**).

Glossary

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 **31 October 2020**, 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 (or any part of the Transfer) will be announced on amtrustfinancial.com/amtrustinternational/legal/portfolio-transfers.

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 Stewart Mitchell of Lane Clark & Peacock LLP whose appointment, which has been approved by the PRA in consultation with the FCA, involves producing the Report.

PRA means the Prudential Regulation Authority which 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 produced by the Independent Expert 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 on the Independent Expert's conclusions of events that have happened subsequent to the issue of his initial Report.

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

Transferring Business means the AMIL policies transferring to AIU under the Scheme.