

IMPORTANT INFORMATION

TRANSFER OF ITALIAN AND SPANISH MOTOR INSURANCE BUSINESS OF ADMIRAL INSURANCE COMPANY LIMITED TO ADMIRAL EUROPE COMPANIA DE SEGUROS

1. BACKGROUND

- 1.1 Admiral Insurance Company Limited ("**AICL**"), a limited liability company incorporated in England and Wales and a member of the Admiral Group, has agreed to transfer all of its Italian and Spanish insurance business to Admiral Europe Compañía de Seguros, S.A. ("**AECS**"), another member of the Admiral Group registered and duly authorised in Spain (the "**Proposed Transfer**"). This document is a summary and explains the principal terms of the Transfer.
- 1.2 In addition to the Proposed Transfer, there will be a separate transfer under the laws of Gibraltar. This is because all of the transferring Italian business is co-insured with a third party and with another Admiral Group company, Admiral Insurance (Gibraltar) Limited (a company authorised and regulated by the Gibraltar Financial Services Commission) ("**AIGL**"). The Italian business written by AIGL will be transferred to AECS under the Gibraltar equivalent to the transfer mechanism described in paragraph 2 below ("**Gibraltarian Transfer**"). The Proposed Transfer and the Gibraltarian Transfer will be conditional on each other.
- 1.3 The Proposed Transfer forms part of Admiral's restructuring process resulting from the UK's decision to terminate its membership of the EU (commonly known as "**Brexit**"). Brexit is due to take place on the 29 of March 2019, after which AICL may not be able to continue to sell and administer policies for customers based in the EU. The Proposed Transfer to AECS enables Admiral to continue its service to existing European policyholders after Brexit.

2. TRANSFER MECHANISM

- 2.1 The Proposed Transfer will be effected by an insurance business transfer in accordance with Part VII of the Financial Services and Markets Act 2000. This is a court approved process and the application to the High Court of England and Wales is due to be heard at the Rolls Building, 7 Rolls Building, Fetter Lane, London on 17 December 2018.
- 2.2 The process requires that an independent expert ("**IE**") is appointed to prepare a report about the Proposed Transfer and its effects on policyholders. Mr Gregory Overton, a Fellow of the Institute of Actuaries, of PwC has been appointed to provide a report on the Proposed Transfer. Mr Overton's appointment has been approved by the PRA in consultation with the FCA. Mr Overton has concluded that no policyholders will be materially affected by the Proposed Transfer.
- 2.3 A summary of this report and a full copy can be downloaded free of charge at <https://admiralgroup.co.uk/our-business/corporate-governance/european-business-transfer-2018>. Alternatively, you can request further hard copies of any of these documents free of charge, or ask any questions you have about the Proposed Transfer, by contacting us on the following freephone number 0800 230 0633 or writing to us at Business Transfer Team, Admiral Insurance Company Limited, Ty Admiral, David Street, Cardiff CF10 2EH.

3. KEY TERMS OF THE TRANSFER

3.1 Scheme

The Proposed Transfer requires the High Court of England and Wales to grant an order pursuant to FSMA sanctioning the Proposed Transfer. If the order is granted, the Proposed Transfer will become effective at 00:01 GMT on 1 January 2019. The scheme document submitted to the court contains the key terms of the transfer, as summarised in the following paragraphs 3.2 to 3.6.

3.2 Transferring Business

All insurance policies of the Italian and Spanish businesses of AICL, together with the relevant supporting assets and liabilities, will automatically transfer to AECS on 1 January 2019. In relation to the transferring policies:

- a) Policyholders will continue to have the same rights, benefits and obligations and be subject to the same terms and conditions in relation to those policies;
- b) All future premiums will be payable to AECS in place of AICL; and
- c) Any pending or ongoing legal proceedings, complaint or claim by or against AICL shall be continued or commenced by or against AECS in place of AICL.

3.3 Reinsurance and other contracts

With effect from 1 January 2019, all reinsurance agreements covering the transferring policies will transfer from AICL to AECS.

All references in any transferring contract to AICL will be read as references to AECS and AECS shall acquire all rights and perform all duties under those contracts in place of AICL.

3.4 Records and Data Protection

Title, possession and control to and of the records relating to the transferring business will transfer to AECS, and the associated personal data may be processed by and on behalf of AECS to the same extent they were processed by and on behalf of AICL before 1 January 2019. AECS shall owe policyholders the same duties of confidentiality and privacy as those which AICL owed to them before 1 January 2019.

3.5 Costs and Expenses

All costs and expenses relating to the preparation of the Scheme and application for the sanction of the Scheme, including the costs of the IE, shall be borne by AICL or Admiral Group Plc.

3.6 Governing Law

The Scheme is governed by and construed in accordance with English law.