

# BREXIT

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## ▶ **General Election**

- ▶ Conservatives (majority) – leave with a deal on 31 January 2020, transition period, trade agreement (that easy?)
- ▶ Liberal Democrats (majority) – remain in the EU by revoking Article 50 (unilateral) (that easy?)
- ▶ Labour (majority) – try to negotiate a better deal and then a new referendum (this comes with difficulties as EU have said will not re-negotiate and no unilateral right to extend and little appetite)

- ▶ No majority or party can't deliver – anything could happen, No Deal Brexit becomes more of a possibility – as we have seen with no working majority recently - no decisions have been made.
- ▶ Who has/ does the uncertainty impact most?
- ▶ No real direction of travel until 12 Dec 2020
- ▶ Various challenges for MGAs and clients

## ACTION TO TAKE – MARKET ACCESS/ PASSPORTING

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- ▶ understand the location of risks, residence of policyholders and place of regulated activity in relation to new and existing business, as MGA might no longer have the regulatory permissions they are required to have to place this business following Brexit
- ▶ check with insurers whether they have the regulatory permissions to accept or renew this business
- ▶ check with other broking partners whether they can continue to arrange business through existing distribution channels in light of changes resulting from Brexit to their regulatory permissions

- ▶ consider how personal sensitive data is transferred between data controllers and data processors based in the UK and in the EEA
- ▶ Outside of EEA?
- ▶ work with partners to ensure that appropriate safeguards are implemented with respect to the transfer of data and understand whether additional actions are required with regards to data transfers.

# ACTION TO TAKE - EMPLOYEES AND PROFESSIONAL QUALIFICATIONS

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- ▶ understand the impact of Brexit on EEA staff
- ▶ consider the effect of Brexit on the recognition of insurance qualifications of UK nationals in the EU27 region as well as the recognition of insurance qualifications of EU27 nationals in the UK.

- ▶ understand your client and the business
- ▶ consider and communicate the impact of Brexit on existing policyholders prior to Brexit, including any contingency plans in place to mitigate the impact to the policyholder
- ▶ consider how clients' circumstances might change as a result of Brexit and how policies might need to be updated

- ▶ Trade – customs (new forms), tariffs, taxes
- ▶ Loss of passporting rights or qualifications themselves
- ▶ Products/ Goods – lack of mutual recognition of product standards/ conformity (ie. CE)
- ▶ Supply chain – contracts – viable? Timing, stock levels, price, currency, interest rates, territory, data, intellectual property
- ▶ Workforce



# WHAT DOES THIS MEAN FOR YOUR CLIENT

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- ▶ Contracts – without express provision negotiated for a hard Brexit – a business could be held to contract terms even if not commercially viable
- ▶ New contracts – could struggle to get commercial terms
- ▶ Could lose important CE marks/ IP/ workforce/ territory
- ▶ English law may no longer prevail
- ▶ Could find it difficult to continue to trade

# WHAT DOES THIS MEAN FOR YOU

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- ▶ Speak to your clients – understand what they do, understand the impact, get them to take advice on the impact – how will it impact on viability of the business?
- ▶ How will it impact on insurance policies? Stockpiling – do they have enough stock cover? How will it impact business continuity?

## EXAMPLE

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- ▶ Manufacturer and Distributer of Tools
- ▶ World leading. UK based. UK manufactured. Distributed from UK. UK insurer for UK and world-wide cover.
- ▶ CE marks registered in UK
- ▶ IP registered in UK
- ▶ Contracts based on UK currency, no tariffs for export, no negotiation clauses for a Brexit scenario
- ▶ Action taken...

# QUESTIONS

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- ▶ Who knows?!



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