



# BREXIT AND INSURANCE FOR INSOLVENCY PRACTITIONERS

April 2021

**Following the trade deal agreed between the UK and EU, the impact on financial services remains largely unresolved. The insurance industry has been planning for Brexit for some time and its response has been based on the correct assumption that passporting rights would not be maintained...**



Passporting allowed UK regulated firms to sell their services into the EU without the need for additional regulatory approvals or hurdles. As anticipated, passporting rights ended on 31st December 2020.

For UK insurers and intermediaries this change has no impact on their ability to service their UK customers. It is very much a case of “business as usual”.

If a UK based insurer or intermediary wishes to undertake business in the EU it must be regulated in an EU state and comply with each individual state’s regulatory requirements. Many insurers and intermediaries have established entities in the EU to enable them to continue trading. However, complexity has been added post 1st January 2021.

## HOW DOES THIS IMPACT INSOLVENCY PRACTITIONERS?

UK Insolvency Practitioners will see no difference in the way that they arrange insurance cover for cases they have been appointed on. As long as the assets vest in a UK domiciled entity these should be insured in the UK.

If an Insolvency Practitioner needs to insure the assets or liabilities of a non UK entity, a solution compliant with local requirements must be put in place. The position is still evolving and will continue to do so over the coming months.

If the UK entity has assets abroad, these can also be insured via a UK based insurer/intermediary.

## WHAT HAS CHANGED?

Whilst arranging insurance cover may be unchanged, Brexit has resulted in the following changes:

- 1. Insuring the assets of a non-UK entity** – Previously, these could be insured in the UK via a UK regulated intermediary. The position now varies depending on the country in which the entity is domiciled. For example, a company domiciled in the Republic of Ireland must use an intermediary regulated in the EEA. This requirement extends to all intermediaries involved in the chain of placement. The position varies by territory, as do requirements on local taxes.
- 2. Motor Insurance - Green Cards** – Any vehicles being driven in the EU will need a green card, which is an international certificate of insurance. This is a paper document and electronic copies will not be accepted. If an Insolvency Practitioner has vehicles under their control which will be used in the EU, they should apply for a green card well in advance of the journey.



- 3. Travel Insurance - EHIC/GHIC** – The European Health Insurance Card (EHIC) is being replaced by the Global Health Insurance Card (GHIC). EHICs were never a replacement for travel insurance but did provide free access to state provided healthcare in the EU. Existing EHICs will remain valid until their expiry. The GHIC will operate on a similar basis but does not cover travel in Norway, Iceland, Liechtenstein or Switzerland. The recommendation remains that comprehensive travel insurance is arranged for any trips outside the UK.
- 4. Lloyd's of London** – Lloyd's of London changed the way it underwrites risks in the EU in 2019. From 2019, policies are underwritten by an insurance company regulated in Belgium, Lloyd's Insurance Company S.A (Lloyds Brussels). In addition, in December 2020, historic policies covering risks in the EU were transferred from the corporation of Lloyd's to Lloyd's Brussels. This has no impact on the cover provided to any entity previously insured by Lloyd's, but any outstanding claims will be dealt with and paid by Lloyd's Brussels.
- 5. Motor Insurance Database (MID)** – The MID is a central database which holds information on every insured vehicle in the UK. Whilst the database was set up to comply with an EU directive it will continue to operate post Brexit. Information was freely shared between other member countries. The position has changed post 31st December 2020 and negotiations with EU member countries on reciprocal arrangements are ongoing. Accidents abroad or which occur in the UK involving foreign registered vehicles are likely to be more complex to deal with, especially if the third-party vehicle is uninsured.

## HOW IRS CAN HELP

Insolvency Risk Services (IRS) is a specialist insolvency insurance broker providing a flexible, responsive, and local service to Insolvency Practitioners. With the largest dedicated team in the insurance market, we combine over 150 years of experience and benefit from flexible resourcing to help you cope with an influx in insolvencies.

Being part of Specialist Risk Group allows us to trade seamlessly post-Brexit through one of the Group companies, TUEI. We are proud to have supported R3 for over 30 years, demonstrating our ongoing commitment to the sector and R3 members. As a result we have a deep understanding of the needs and requirements of Insolvency Practitioners.

Should you wish to discuss any aspect of your current or future requirements do not hesitate to [contact us](#).

## GET IN TOUCH

If you would like to discuss further, please contact our expert team:

0115 908 4999  
[info@insolvencys.com](mailto:info@insolvencys.com)

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[insolvencys.com](http://insolvencys.com)