



October 1st 2018

Update from AXIS on Brexit Preparations

Dear Axis and Aviabel partners,

I am writing today to update you on our company's Brexit preparation plans. As you are aware, the United Kingdom will exit the European Union from 29 March 2019. We are pleased to inform you that AXIS is 'Brexit ready' and open for business, regardless of the eventual outcome of a post-Brexit environment.

Our post-Brexit plans are premised upon minimising disruption to our clients and partners. We have several internal teams working closely with both UK and EU regulators to ensure that we are able to continue to work with our trading partners in an effective and mutually beneficial manner.

Through a combination of both Lloyd's and company paper, including our legal entities in Ireland, Belgium, Bermuda and the United Kingdom, we are well positioned to address any business challenges that may arise in the coming months as the UK and EU work towards the March 2019 implementation of Brexit.

All of our existing UK, European and Bermudian legal entities through which you do business with us will continue to be in operation and will be available to you once Brexit is fully implemented. We are fully prepared for 1/1 renewals, and we can process those in whatever form you present them to us, both through our London office on company paper and via our Lloyd's platform.

We are committed to keeping our clients and distribution partners informed regarding the impact that Brexit may have on our business, and look forward to further communications with you in this regard in the coming months.

Attached to this cover email is a more detailed listing of Brexit preparations that are currently being undertaken by our Insurance and Reinsurance segments. Should you have any further questions, or wish to discuss our post-Brexit operations further, please do not hesitate to contact your AXIS underwriter, or you can email us at BrexitUpdates@axiscapital.com.

Please know that we very much appreciate your business and support.

Sincerely,

Mark Gregory
CEO, International Division
AXIS Insurance



Brexit Preparation Plans for AXIS Insurance & AXIS Reinsurance ***Updated 1 October 2018***

The United Kingdom will exit the European Union from 29 March 2019. AXIS is confident that its corporate structure and regulatory framework, together with plans set out below, will enable it to continue operating across the European Economic Area (EEA), as well as within the UK, following the UK's 29 March 2019 withdrawal from the EU.

AXIS operates in the EEA and UK from multiple regulated platforms in Ireland, Belgium, the Netherlands, Switzerland, Bermuda and the United Kingdom, which enables us to have flexibility in where we source and write European insurance and reinsurance business. This is a significant benefit to our clients and partners, as it allows us to provide you with the reassurance and confidence that there will be minimal disruption to your business with AXIS as a result of the expected outcome of Brexit.

Brokers and MGAs will likewise need to examine their UK/EEA operating model to ensure compliance post-Brexit, and we look forward to hearing your updates in this regard.

Our post-Brexit plans are premised on the basis of minimising disruption to our clients and partners. As such, we have several internal teams working closely with both UK and EU regulators to ensure that AXIS will be Brexit ready. We expect our key underwriting functions to remain broadly the same, although we anticipate that we may need to make some changes to our underwriting processes to ensure uninterrupted operations with our EEA-based clients and partners.

Below is a brief overview of our insurance and reinsurance segments' recent status and actions in preparation for Brexit.

AXIS Insurance

AXIS Insurance's regulated entities, including our Irish-domiciled insurance legal entity, AXIS Specialty Europe SE ('ASE'), currently rely on passporting rights to write EEA-based business and service EEA clients. Due to Brexit, ASE expects to lose its passporting rights into the UK from 31 December 2020. In order to ensure continuity of services, ASE has submitted an application to the Prudential Regulation Authority (PRA) in the UK to seek authorisation to licence its existing



UK branch ('AXIS Specialty London') as a third-country branch in the UK. This will allow us to continue to service our UK and non-EEA insurance clients from our UK branch without causing any disruption to our operations.

Post-Brexit, ASE clients that are based in the EEA will be serviced from ASE's head office in Dublin, or through one of the branches that we are currently establishing in Belgium and the Netherlands. As an EEA-authorized insurer domiciled in Ireland, ASE is authorised to service clients both within and outside (to the extent permitted by local law) of the EEA, post-Brexit.

Our Lloyd's business is conducted through AXIS Managing Agency Limited. We are currently planning to place Syndicate 2007 into run-off, with effect from 1 January 2019, and to transact all our Lloyd's business thereafter through Syndicate 1686. Syndicate 2007 will continue to be managed by AXIS Managing Agency but will no longer be accepting new business from 1 January 2019 onwards as we consolidate our Lloyd's business under Syndicate 1686.

We are working closely with Lloyd's, in coordination with the recently established Lloyd's Brussels operation ('Lloyd's Insurance Company S.A.'). Lloyd's Brussels has been approved by Belgian regulators and will operate as a fully functional insurance company, able to write risks from all 27 EU and 3 EEA countries via the current Lloyd's distribution channels of brokers and European coverholders.

Additionally, Aviabel, which is the general aviation insurer and reinsurer that AXIS acquired in 2017, currently writes UK, EEA and rest of world business from its head office in Belgium (Brussels) and its branch in the Netherlands (Amsterdam). We are in the process of merging Aviabel into ASE, and completing a portfolio transfer between the two entities (subject to Court approval). ASE will set up branches in Belgium and the Netherlands in order to grant continuity of Aviabel business in the EEA. We expect this process to be effective from 1 January 2019. We will service UK-based aviation insurance and reinsurance business through the UK third-country branch of ASE from 1 January 2021.

AXIS Reinsurance

We are also actively engaged in ensuring that AXIS Reinsurance's regulated entities, including AXIS Re SE ('ARE') and AXIS Specialty Limited ('ASL'), are Brexit-ready.



ARe is our Irish-domiciled Reinsurance legal entity that is authorised by the CBI in Ireland with a head office in Dublin and a branch in Zurich, Switzerland. ARe writes reinsurance business in the EEA, UK and the rest of the world. According to the European Union (Withdrawal) Bill passed earlier this year by the UK Parliament, we expect Solvency II to be transposed into UK domestic law with minimal changes. In this respect, the PRA should grant full equivalence to EEA-supervised reinsurers, including AXIS, at the point of Brexit (29 March 2019). This will allow ARe to operate as it does now from Zurich and Dublin without any disruption to its operations and, thus, we expect that our EEA reinsurance business will be unaffected by Brexit.

AXIS Specialty Limited is our Bermuda-domiciled (re)insurance legal entity that is authorised by the Bermuda Monetary Authority in Bermuda and writes reinsurance business worldwide, including in the EEA and in the UK. The European Commission has granted full equivalence to the Bermudian reinsurance regime under Solvency II. This regulatory status should not be affected by Brexit regarding EEA reinsurance business written out of Bermuda, and we expect the PRA to grant equivalence to Bermuda.

AXIS also writes worldwide reinsurance business at Lloyd's through AXIS Managing Agency. We expect full equivalence to be granted by the European Commission to the UK as a result of the European Union (Withdrawal) Bill and the transposition of Solvency II into UK law, as explained above. In the unlikely scenario of equivalence not being granted between the PRA and the European Commission, we will be able to grant continuity of business to our clients and business partners as AXIS will have regulated entities authorised to conduct reinsurance activities in the EEA and in the UK.