

Brexit and Shipping – Dave Matcham

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In the latest IUMI newsletter Dave Matcham, CEO of the IUA has noted that there was a popular Brexit account on Twitter that tweeted every 60 minutes on how many hours were left before the UK was due to leave the EU on March 29th, “and yet we still have little firm idea of just what the future trading relationship between the two partners will look like”.

Matcham said that the unfortunate political realities of a minority government in the UK and refusal even to discuss the future relationship before agreeing final budget contributions meant that insurers were still weighing up how various different possible scenarios could impact their industry.

The International Underwriting Association (IUA), working through the London Market Group, has proposed amending existing regulations under both Solvency II and the Insurance Distribution Directive to facilitate a more effective cross-border transaction of large, commercial, non-life risks.

Matcham said that other outcomes were also still being discussed with both pluses and minuses for insurance business.

A Norway-style customs union arrangement could secure single market access but leave the UK with little influence over the development of future regulations to which it would be bound. A Canada-style free trade agreement would appear to offer little for financial services, though it might be possible to expand its scope and allow further international deals to be independently struck.

If there was no bespoke deal and the UK relied on its membership of the World Trade Organisation for future trading arrangements with the EU, then London branches of EU insurers would still operate as normal, because of the Bank of England’s Temporary Permissions Regime. The EU has declined to reciprocate this arrangement, but individual member states have recently outlined plans to enable continued servicing of existing insurance contracts.

“Plenty of Brexit questions remain unresolved, but the insurance industry exists to manage future uncertainty and is working hard to prepare as best it can”, said Matcham.