



## Luxembourg newsflash

15 April 2020

### Brexit impact on insurance undertakings - clarifications by the Luxembourg supervisory authority

CAA clarifications on the impact of a hard Brexit on the rules governing investments and deposits of tied assets of insurance undertakings.

In two information notices dated April 2 and April 8, 2020, the *Commissariat Aux Assurances* (“CAA”) clarified the impact of a hard Brexit and the related loss of the UK’s status as a member of the European Economic Area on the application of the rules governing:

- the investment of the assets underlying unit-linked life-insurance contracts ([Note d’information 20/11 relative aux incidences du Brexit sur l’application de la LC 15/13, 8 avril 2020 – “Information Notice LC 15/3”](#)); and
- the deposit of the assets underlying the technical provisions of direct insurance undertakings ([Note d’information relative aux incidences du Brexit sur l’application de la LC 16/9, 2 avril 2020 – “Information Notice LC 16/9”](#)).

Both information notices are available on the CAA’s website (in French).

#### **A. Requalification of the UK and its depending territories for the purposes of applying the amended CAA Circular letter 15/3 relating to the investment rules for life insurance products linked to investment funds (“LC 15/3”)**

The Information Notice LC 15/3 clarifies that, as of 1st January 2021:

- the UK will be deemed an OECD zone A country; and
- the UK’s depending territories will be deemed countries outside the OECD zone A;

within the meaning of the LC 15/3.

As a result, any investments of assets underlying unit-linked life-insurance contracts into:

- external funds domiciled in the UK or UK-depending territories; or
- financial instruments issued by issuers based in the UK or UK-depending territories;

will be required to comply with the specific thresholds/restrictions applicable to funds and issuers based in OECD zone A countries respectively in countries outside the OECD zone A.

The Information Notice LC 15/3 contains, however, also certain “safe harbor” provisions that apply to contracts concluded before 1st January 2021.

Insurance undertakings are to take the new status of the UK and its depending territories into account when defining investments policies and setting-up internal funds for their clients.

**B. Requalification of the UK and its depending territories for the purposes of applying the CAA Circular Letter 16/9 relating to the deposit of securities and cash used as assets representing the technical provisions of direct insurance undertakings (“LC 16/9”)**

The Information Notice LC 16/9 confirms that, as of 1st January 2021, the UK and its dependent territories will be deemed third countries within the meaning of the LC16/9.

As a result, any deposits of assets representing technical provisions with credit institutions established in the UK are required to comply with the rules of the LC 16/9 governing deposits of assets outside the European Economic Area.

The Information Notice LC 16/9 further specifies that the CAA will liaise directly with the concerned insurance undertakings.



**For more information, please contact:**



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