



# Luxembourg - Brexit for the Insurance Sector

## INSURANCE HORIZONS

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- Neither the Commissariat aux Assurances nor the Luxembourg Government has provided any information on how UK insurers, who previously passported into Luxembourg, can continue to pay claims and service policies after the end of the Brexit transition period.
- The Commissariat aux Assurances has clarified how investments and deposits in the UK should be treated by Luxembourg life and non-life insurers.

The Luxembourg Insurance Authority (Commissariat aux Assurances) (CAA) has not released any update since April 2020.

At that time, in two information notices dated 2 April and 8 April 2020, the CAA clarified the impact of a hard Brexit and the related loss of the UK's status as a member of the EU on the application of the rules governing:

- the investment of the assets underlying unit-linked life-insurance contracts (Information Notice CL 15/3); and
- the deposit of the assets underlying the technical provisions of direct insurance undertakings (Information Notice CL 16/9).

The Information Notice CL 15/3 clarifies that, as of 1 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. As a result, any investments of assets, underlying unit-linked life-insurance contracts into external funds domiciled in the UK or UK-dependant territories, or financial instruments issued by issuers based in the UK or UK-dependant 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.

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

The Information Notice CL 16/9 confirms that, as of 1 January 2021, the UK and its dependent territories will be deemed third countries within the meaning of the CAA Circular Letter 16/9. 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 CAA Circular Letter 16/9 governing deposits of assets outside the EEA.

On 15 January 2021, the CAA published a concise consumer guide regarding what consumers should do if they have a life insurance policy or pension from the UK.

There has been no specific information about how UK insurers who previously passported into Luxembourg can continue to pay claims and service policies after the end of the Brexit transition period.

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