



Spain - Brexit for the Insurance Sector

INSURANCE HORIZONS

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- UK insurers and insurance intermediaries will continue to be provisionally authorised, until 30 June 2021, to carry out activities necessary for the orderly termination or assignment of contracts executed before 1 January 2021.
- For UK insurers, this period can be extended to 31 December 2022 to allow them to run off their portfolios if the insurer provides a contingency plan which is expressly authorised by the Spanish insurance supervisor.

On 29 December 2020, a Royal Decree-Law was passed, which sets out measures to address the position of the United Kingdom as a third country (the Brexit Law).

Article 13 of the Brexit Law deals with the continuity of financial (including insurance) contracts. Specifically:

- i. Contracts for the provision of insurance services in Spain, where the provider (a) has a registered office in the UK, (b) is authorised by the UK supervisor, and (c) was entered into before 1 January 2021, shall remain in force only according to the terms and conditions set out in paragraphs (ii) and (iii).
- ii. As from 1 January 2021, insurers and insurance intermediaries to whom paragraph (i) applies are subject to Spanish regulations applying to third-country firms, and they will be required to obtain a new Spanish authorisation for the following: (a) renewal of contracts executed before 1 January 2021; (b) amendments to contracts executed before 1 January 2021, if the amendments involve the provision of new services in Spain or affect essential obligations of the parties; (c) where activities related to the management of the contracts require authorisation; and (d) for the conclusion of new contracts.

Activities related to the management of contracts executed before 1 January 2021, which do not fall within the categories (a) through (c) above, will not require a new authorisation.

- iii. However, UK firms will continue to have a provisional authorisation until 30 June 2021 to carry out the activities necessary for the purposes of the orderly termination or assignment, to entities duly authorized to provide insurance services in Spain, of contracts entered into before 1 January 2021. In the case of insurance companies, this period may be extended until 31 December 2022, in order to manage the existing portfolios of insurance contracts in the process of terminating their activities (i.e. for run off purposes), provided that the insurance company provides a contingency plan which is expressly authorised by the Spanish insurance supervisor.

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