

UK LIVE EVENTS REINSURANCE SCHEME

1. Introduction

This document sets out the rules of a Scheme (the “**Scheme Rules**”) to be known as the UK Live Events Reinsurance Scheme (the “**Scheme**”).

2. Definitions and interpretation

These Scheme Rules are to be interpreted in accordance with paragraph 2 of Annex 1 (*Definitions and Interpretation*) and capitalised terms used in these Scheme Rules have the meaning given to them in paragraph 1 of Annex 1 (*Definitions and Interpretation*).

3. Description of the Scheme

3.1 The objective of the Scheme is to remove securing the right kind of insurance as a barrier for event organisers and allow them to plan with confidence in light of the Covid-19 pandemic, thereby boosting the economy and protecting employment.

3.2 The Scheme was established by the Secretary of State for Digital, Culture, Media & Sport (“**DCMS**”) and DCMS will meet payment commitments under the Scheme through the exercise of common law powers and under the authority of section 86 of the Coronavirus Act 2020.

4. Delivery of the Scheme

The Scheme shall be delivered on behalf of DCMS by Oliver Wyman Limited, or such other person(s) as DCMS may nominate to perform the oversight role set out in these Scheme Rules (the “**Delivery Partner**”). The Delivery Partner is DCMS’s contractor for the purposes of the Scheme and has no direct relationship with any Eligible ECI for the purposes of the Scheme under an Eligible ECI Contract.

5. Eligibility for participation

5.1 Subject to Rule 5.2, the following are eligible to participate in the Scheme:

(A) an insurer that:

- (i) meets Customer Due Diligence requirements;
- (ii) is duly authorised and has any necessary regulatory permissions, licences, consents and approvals to carry on its business in the UK; and
- (iii) writes Eligible Policies in respect of Eligible Events other than through a Managing General Agent or Managing Agent,

an “**Eligible Insurer**”;

(B) a Managing Agent that:

- (i) writes Eligible Policies in respect of Eligible Events, on behalf of members of the Lloyd's syndicate managed by it, through that syndicate;
 - (ii) meets Customer Due Diligence requirements;
 - (iii) is duly authorised and has any necessary regulatory permissions, licences, consents and approvals to carry on its business in the UK; and
 - (iv) demonstrates that it has sufficient authority under the terms of the management agreement with the relevant Lloyd's syndicate members to bind them to the terms of the Scheme and to administrate, on their behalf, their involvement in the Scheme, as contracted under the Eligible ECI Contract on their behalf; and
- (C) a Managing General Agent that:
- (i) writes Eligible Policies in respect of Eligible Events on behalf of the insurers that it binds and that meet the requirements of Rule 5.1(A)(i) and Rule 5.1(A)(ii);
 - (ii) meets Customer Due Diligence requirements;
 - (iii) is duly authorised (or is not legally required to be authorised) and has any necessary regulatory permissions, licences, consents and approvals to carry on its business in the UK; and
 - (iv) demonstrates that it has sufficient authority under the binders it has in place with the relevant insurers to bind those insurers to the terms of the Scheme and to administrate, on their behalf, their involvement in the Scheme, as contracted under the Eligible ECI Contract on their behalf,

each such Eligible Insurer, Managing Agent or Managing General Agent who applies and is accepted into the Scheme and enters into an Eligible ECI Contract with DCMS being an "**Eligible ECI**".

- 5.2 Any Captive Insurer insuring its Affiliate Policyholder Captives and any equivalent Self-Insurance Structures (including those using Fronting Companies) are not eligible to participate in the Scheme and any associated insurance policies are not Eligible Policies and are not covered by the Scheme.

6. Application process and Term

Applying to the Scheme

- 6.1 To apply to participate in the Scheme, an Eligible Insurer, eligible Managing Agent or eligible Managing General Agent must submit an application, in the form set out at Attachment 5, and all required accompanying documentation (a "**Scheme Application**"), to DCMS in full by 5:30 p.m. on 22 July 2022 (the "**Scheme Application Deadline**").

- 6.2 An insurer, Managing Agent or Managing General Agent who does not meet the criteria set out in Rule 5.1 above may petition DCMS for inclusion within the Scheme on the basis that such inclusion is consistent with the aims of the Scheme as set out in Rule 3 by submitting a written petition including supporting written evidence (a “**Petition**”) to DCMS by the Scheme Application Deadline.
- 6.3 DCMS will assess each Scheme Application and each Petition and decide at its absolute discretion whether or not to accept the Scheme Application or Petition, as applicable.
- 6.4 DCMS shall respond to Scheme Applications and Petitions made pursuant to Rules 6.1 and 6.2 with the outcome of the Scheme Application or Petition within 5 Business Days of the Scheme Application Deadline. Where the Scheme Application or Petition has been successful, DCMS will provide a Confirmation Statement to the Eligible ECI attaching an Eligible ECI Contract for counter-signature by the Eligible ECI which shall, among other things, incorporate these Scheme Rules.

Contract and Term

- 6.5 An Eligible ECI shall become a signatory to the Scheme on signing the Eligible ECI Contract. Each Eligible ECI Contract shall become effective and binding when executed by all necessary authorised signatories (the “**Start Date**”) and shall continue until the relevant Termination Date (the “**Term**”).
- 6.6 An Eligible ECI may at any time opt out of the Scheme by delivering a valid Opt-Out Notice to DCMS in accordance with the Scheme Rules, following which the provisions of Rule 22 (*Opt Out*) shall apply. To be valid, such Opt-Out Notice must specify its date of effectiveness, which must be a date falling not less than 30 days after the date of such notice.

Group applications

- 6.7 An Eligible Insurer, eligible Managing Agent or eligible Managing General Agent may apply to the Scheme together with one or more Affiliates, each of which is itself an Eligible Insurer, eligible Managing Agent or eligible Managing General Agent. Such an application should be made on a single Scheme Application form, but with all requested information and documents for each applicant. DCMS may, in its absolute discretion, and subject to any further conditions which DCMS may deem appropriate, agree to accept some or all of such applicants onto the Scheme as a corporate group, rather than as individual applicants (the Affiliates who apply together under this Rule 6.7 and are accepted into the Scheme as such and together enter into a single Eligible ECI Contract with DCMS being a “**Participant Group**”, and each member of a Participant Group being an Eligible ECI).
- 6.8 Each Eligible ECI within a Participant Group shall:
- (A) nominate in the Eligible ECI Contract an Eligible ECI within the Participant Group which shall be the primary contact for that Participant Group;

- (B) be jointly and severally liable to DCMS for the obligations of each member of the Participant Group to DCMS under the Scheme and the Scheme Documents;
- (C) share a single Eligible ECI Utilisation Limit as though the Participant Group was a single Eligible ECI;
- (D) with respect to a Scheme Tier, share the same single Available Tier (calculated by reference to all members of the Participant Group) with each member of its Participant Group; and
- (E) with respect to Scheme Utilisation, be aggregated together with each member of its Participant Group.

6.9 A member of a Participant Group may opt out of the Scheme in accordance with Rule 6.6, but such opt out shall not affect the other members of the Participant Group.

6.10 DCMS's indemnification of Eligible Losses under Rule 9 (*Transfer of economic risk*) shall operate on the basis that it shall be with respect to an individual Eligible ECI within a Participant Group, rather than the Participant Group as a whole, meaning that DCMS shall not indemnify a member of a Participant Group for the Eligible Losses of another member of a Participant Group.

6.11 DCMS may, in its absolute discretion, permit the membership of a Participant Group to change during the Scheme Period, in which case each member or prospective member of that Participant Group shall do such things as DCMS may reasonably require to add or remove members of that Participant Group.

7. Coverage under the Scheme

7.1 The Scheme shall cover Eligible Losses arising under Eligible Policies during the Scheme Period.

7.2 The Scheme Utilisation of an Eligible ECI (or Participant Group) shall not at any time exceed the applicable Eligible ECI Utilisation Limit without the prior written consent of DCMS, and Rule 9.5 applies with respect to Scheme Utilisation in excess of the applicable Eligible ECI Utilisation Limit.

Eligible Events

7.3 The Scheme applies to Covered Events physically located in the UK and, as at the date of entry into the applicable Eligible Policy, scheduled to take place within the period from and including the Scheme Launch Date to and including the Scheme End Date (each an "**Eligible Event**").

7.4 If an Eligible Event which was originally scheduled to take place during the Scheme Period is postponed to a date after the Scheme End Date, it shall not cease to be an Eligible Event simply by virtue of such postponement.

Eligible Policies

7.5 Subject to the terms and conditions of these Scheme Rules, including Rule 7.8, the Scheme applies to a valid and binding events cancellation insurance policy:

- (A) provided by an Eligible ECI, or provided on a subscription basis by a number of insurers comprising at least one Eligible ECI (and any insurer that is not participating in the Scheme which takes part in that subscription shall be a “**Non-Participating Insurer**”, and the participation placement in which it takes part shall be a “**Mixed Participation Placement**”), that provides insurance cover against the cancellation, abandonment, relocation or postponement of an Eligible Event other than in circumstances covered by the Insured Risks on ordinary and usual terms (the “**Eligible Policy Non-Scheme Element**”); and, in addition
- (B) provided by an Eligible ECI that provides insurance cover against Insured Risks in respect of the same Eligible Event (the “**Eligible Policy Scheme Element**”),

and:

- (i) for policies with respect to the Eligible Policy Non-Scheme Element entered into before the Scheme Launch Date which do not provide cover with respect to Insured Risks, amended to cover Insured Risks; or
- (ii) entered into,

during the Scheme Period on terms consistent with Rule 12 (*Underwriting and premiums*),

an “**Eligible Policy**”.

7.6 For the purposes of the definition of Eligible Policy, an “**event**” shall include both:

- (A) a single, or one-off, event; and
- (B) a limited series, or run, of linked events, provided that:
 - (i) the insured party shall specify which event dates from that limited series, or run, of linked events constitute events for the purposes of the relevant Eligible Policy (and shall allocate to each such specified event an amount of the total sum insured with respect to Insured Risks which can be claimed with respect to each such event (which amount must in aggregate not exceed the total sum insured under the Eligible Policy with respect to Insured Risks)). An insured party may change the date of any future event which has been specified, provided that:
 - (a) such event has not, at the time of such change, taken place;

- (b) such change does not result in a change of event from the originally specified event; and
- (c) the originally specified event does not take place on the originally specified date; and
- (ii) only such linked events that are at the time of purchase of the Eligible Policy scheduled to occur after the end of any applicable Initial Period and before the Scheme End Date will be covered under the Scheme (even if those linked events do not constitute the full series or run), and the Eligible Policy is purchased before the date the first event specified in accordance with Rule 7.6(B)(i) is scheduled to occur.

7.7 An Eligible Policy may be a single policy, two or more linked policies provided by one or more Eligible ECIs (which may comprise any pre-existing events cancellation insurance policies and a new events cancellation insurance policy with respect to Insured Risks provided by one or more Eligible ECIs, or two or more new policies provided by one or more Eligible ECIs), or an existing events cancellation insurance policy onto which cover for Insured Risks is endorsed, in each case including where the Eligible Policy Non-Scheme Element is written as a Mixed Participation Placement.

7.8 Any events cancellation insurance policy:

- (A) where the Eligible Policy Non-Scheme Element in a Mixed Participation Placement is not provided at least in part by an Eligible ECI;
- (B) where in any Mixed Participation Placement, no Eligible ECI is a contract change agreement party (or equivalent) with respect to either the Eligible Policy Non-Scheme Element or the Eligible Policy Scheme Element;
- (C) where in any Mixed Participation Placement, no Eligible ECI is a claims agreement party (or otherwise responsible for administration and claims handling) with respect to either the Eligible Policy Non-Scheme Element or the Eligible Policy Scheme Element;
- (D) where the terms of the Eligible Policy Non-Scheme Element (save as set out in these Scheme Rules):
 - (i) do not cover at least all of the event(s) covered by the Eligible Policy Scheme Element; or
 - (ii) include:
 - (a) exclusions, deductions or excess requirements; or
 - (b) terms going to the availability of cover, premium payable, time limits or conditions for bringing a claim,

which are not on the relevant insurer's ordinary and usual terms (to be determined by reference to that insurer's underwriting policies, rules, practices and guidance as utilised in the 18 months prior to the Scheme Launch Date);

- (E) where the period for which cover is provided under the Eligible Policy Scheme Element is longer than the period for which cover is provided under the corresponding Eligible Policy Non-Scheme Element;
- (F) where cover is cancelled under an Eligible Policy Non-Scheme Element but not also cancelled to the same extent under the corresponding Eligible Policy Scheme Element;
- (G) covering only Insured Risks without there being a linked events cancellation insurance policy for other standard risks provided by any Eligible ECI or under a Mixed Participation Placement;
- (H) covering Insured Risks entered into before the Scheme Launch Date or other than in accordance with the terms of the Scheme Rules;
- (I) with respect to Eligible Events which are at any time scheduled to occur within any applicable Initial Period;
- (J) where the total sum insured for standard events cancellation cover is less than the total sum insured for Insured Risks;
- (K) where the total sum insured for Insured Risks exceeds the cost of the Eligible Event covered by that policy;
- (L) where the premium charged by an Eligible ECI with respect to Insured Risks does not equal the Base Premium;
- (M) which does not contain warranties from the insured as to whether the Eligible Event is permitted to occur or is capacity constrained;
- (N) which does not contain a schedule of events, including the date and location of any Eligible Event;
- (O) which relates to limited series, or run, of linked events, but which does not comply with Rule 7.6(B);
- (P) which does not comply with Rule 12.1(F);
- (Q) which does not require that the insured party:
 - (i) act as though uninsured; and

- (ii) take all commercially reasonable actions within its power to enable the Eligible Event to take place (including but not limited to in a manner or format, or under certain restrictions or conditions, such that the Eligible Event is compliant with any Published UK Civil Authority Restrictions);
- (R) entered into by an Eligible ECI during the period from (and including) the date of effectiveness of an Opt-Out Notice delivered by that Eligible ECI to (and including) the date of effectiveness of an Opt-In Notice subsequently delivered by that Eligible ECI;
- (S) entered into following service by DCMS of a Pause Notice and prior to service by DCMS of a Restart Notice;
- (T) where the Eligible Policy Scheme Element is not governed by English law; or
- (U) where the Eligible Policy Scheme Element does not contain a submission by the Eligible ECI and the insured party to the exclusive jurisdiction of the courts of England and Wales,

shall not constitute an Eligible Policy under the Scheme Rules.

7.9 If a policy:

- (A) does not meet the definition of 'Eligible Policy';
- (B) does not comply with Rule 7.6;
- (C) does not comply with Rule 7.7;
- (D) does not constitute an 'Eligible Policy' by virtue of Rule 7.8; or
- (E) does not constitute an 'Eligible Policy' by virtue of Rule 22.1(C),

it shall not constitute or be deemed to be an Eligible Policy and an Eligible ECI shall not be indemnified under the Scheme in relation to such policy.

7.10 Upon an Eligible Policy being issued (whether by way of entry into one or more policies or by way of endorsement onto an existing policy), the total sum insured with respect to Insured Risks under that Eligible Policy shall be allocated to Scheme Tiers as follows:

- (A) *first*, to the extent there is at that time Available Tier in Tier 1, to Tier 1;
- (B) *second*, with respect to any amount not allocated to Tier 1, to the extent there is at that time Available Tier in Tier 2, to Tier 2; and
- (C) *third*, with respect to any amount not allocated to Tier 1 or Tier 2, to the extent there is at that time Available Tier in Tier 3, to Tier 3.

- 7.11 The allocation to a Scheme Tier of the total sum insured with respect to an Eligible Policy may not be changed without the explicit prior written consent of DCMS, and shall not change simply by virtue of there being or arising Available Tier with respect to a Scheme Tier.

8. Subsidy control

To the extent that DCMS has reasonable grounds to consider that it has provided an unlawful subsidy (under the UK-EU Trade and Cooperation Agreement or other applicable laws) to an Eligible ECI under or in connection with the Scheme Documents, DCMS has the right, by notice in writing, to require that Eligible ECI to repay to DCMS such subsidy, together with interest calculated in accordance with any requirement of law.

9. Transfer of economic risk

Indemnification for Eligible Losses

- 9.1 Subject to Rule 9.5, with effect from the Start Date, DCMS shall indemnify each Eligible ECI (individually, regardless of whether it is a member of a Participant Group, and no member of a Participant Group shall be indemnified with respect to Eligible Losses of another member of that Participant Group), on the terms and conditions set out in these Scheme Rules (and subject to such Eligible ECI's compliance with these Scheme Rules, and where such Eligible ECI is a member of a Participant Group, subject to the compliance by all members of that Participant Group with these Scheme Rules), for the applicable Quota Share Percentage of the value of:

- (A) any Claim properly paid by an Eligible ECI under, and in accordance with, the terms of an Eligible Policy (following the expiry of any waiting periods and the undertaking of recovery steps required by the Eligible ECI acting reasonably and in good faith); and
- (B) any Claim Expenses incurred in respect of those Claims referred to in Rule 9.1(A),

in each case on or after the Scheme Launch Date and prior to the Termination Date (together, "**Eligible Losses**"), and there will be no double recovery under the Scheme for Eligible Losses.

- 9.2 The Quota Share Percentage shall be determined with respect to each pound of a Claim or a Claim Expenses (meaning that an Eligible ECI may be indemnified for a different Quota Share Percentage with respect to different portions of a Claim or Claim Expense).
- 9.3 If an Eligible Loss arises under an Eligible Policy where, pursuant to Rule 7.10, the total sum insured with respect to Insured Risks under that Eligible Policy has been allocated across multiple Scheme Tiers:
- (A) *first*, that Eligible Loss will be deemed to arise under Tier 1 to the extent of an amount equal to:

- (i) the amount of the total sum insured under that Eligible Policy which was allocated to Tier 1 pursuant to Rule 7.10; *minus*
 - (ii) any Eligible Losses with respect to that Eligible Policy whether paid or in respect of which a claim has been made which have previously been deemed to arise under Tier 1 pursuant to this Rule 9.3;
- (B) *second*, that Eligible Loss will be deemed to arise under Tier 2 to the extent of an amount equal to:
- (i) the amount of the total sum insured under that Eligible Policy which was allocated to Tier 2 pursuant to Rule 7.10; *minus*
 - (ii) any Eligible Losses with respect to that Eligible Policy which have been deemed to arise under Tier 1 pursuant to this Rule 9.3; *minus*
 - (iii) any Eligible Losses with respect to that Eligible Policy whether paid or in respect of which a claim has been made which have previously been deemed to arise under Tier 2 pursuant to this Rule 9.3; and
- (C) *third*, that Eligible Loss will be deemed to arise under Tier 3 to the extent of an amount equal to:
- (i) the amount of the total sum insured under that Eligible Policy which was allocated to Tier 3 pursuant to Rule 7.10; *minus*
 - (ii) any Eligible Losses with respect to that Eligible Policy which have been deemed to arise under Tier 1 or Tier 2 pursuant to this Rule 9.3; *minus*
 - (iii) any Eligible Losses with respect to that Eligible Policy whether paid or in respect of which a claim has been made which have previously been deemed to arise under Tier 3 pursuant to this Rule 9.3.

9.4 If an Eligible Loss arises in relation to an Eligible Policy in respect of which an amount had previously fallen within sub-paragraph (A) of the definition of Scheme Utilisation:

- (A) that Eligible Policy shall be treated as though that it has been newly issued, and the total sum insured with respect to Insured Risks under that Eligible Policy shall be allocated in accordance with Rule 7.10;
- (B) an amount equal to the difference, if any, between:
 - (i) Scheme Premium calculated on that Eligible Policy as though newly issued; *minus*
 - (ii) the amount of Scheme Premium calculated on that Eligible Policy when it was previously actually issued,

shall be payable by the relevant Eligible ECI as though it were Scheme Premium and if such amount is negative the positive value of that amount shall be paid by DCMS to the Eligible ECI, and shall be dealt with in accordance with Rule 10; and

(C) Rule 9.3 shall apply to that Eligible Loss in accordance with the allocation to Scheme Tiers made pursuant this Rule 9.4 as if the end date had not occurred in relation to that Eligible Policy (or that Eligible Policy had not otherwise expired or been terminated).

9.5 DCMS shall be under no obligation to indemnify an Eligible ECI if the Eligible Losses relate to Scheme Utilisation in excess of the Eligible ECI Utilisation Limit applicable to that Eligible ECI (in the case of an Eligible ECI which is a member of a Participant Group, applicable to its Participant Group) and not previously consented to in writing by DCMS.

9.6 Upon receipt of an Increased Commitment Notice from an Eligible ECI, the relevant Eligible ECI shall make itself available to discuss with DCMS (in consultation with HMT) whether the Eligible ECI Utilisation Limit applicable to that Eligible ECI should be altered. DCMS (in consultation with HMT) may at all times act in its discretion in relation to this Rule 9.6.

Quarterly Indemnification Payments

9.7 DCMS shall discharge its obligations under Rule 9.1 by payment to the applicable Eligible ECI of an amount of GBP equal to:

(A) the Eligible Losses of that Eligible ECI for that Quarter; *plus*

(B) to the extent applicable, the Annual Premium Adjustment Amount, if negative,

(the “**Quarterly Indemnification Amount**”) (which, subject to DCMS review and agreement, will be set out in the Quarterly Report), in accordance with Rule 11 (*Settlement*) (the “**Quarterly Indemnification Payments**”).

9.8 Any dispute in relation to compliance with this Rule and/or any related payments shall be subject to the provisions of Rules 24 (*Dispute resolution*) and 25 (*Expert determination*).

10. Eligible ECI Payments

Scheme Premium

10.1 In consideration for the transfer of the economic risk of an Eligible ECI’s Eligible Losses to DCMS under Rule 9 (*Transfer of economic risk*), an Eligible ECI (individually, regardless of whether it is a member of a Participant Group) shall pay to DCMS an amount equal to that Eligible ECI’s Scheme Premium with respect to each Eligible Policy that the Eligible ECI enters into.

- 10.2 An Eligible ECI's Scheme Premium shall be calculated and become payable upon entry by an Eligible ECI into an Eligible Policy (whether by way of entry into one or more policies or by way of endorsement of cover for Insured Risks onto an existing policy, or upon the increase of the total sum insured with respect to Insured Risks under an Eligible Policy), regardless of the terms of payment of premium under the relevant Eligible Policy.
- 10.3 Subject to Rule 10.8, each Eligible ECI shall discharge its obligations under Rule 10.1 making payment to DCMS of an amount of GBP equal to the Monthly Premium Amount (which, subject to DCMS review and agreement, will be set out in the Monthly Report) due to DCMS from that Eligible ECI for that Month in accordance with Rule 11 (*Settlement*).

Annual Premium Adjustment Payment

- 10.4 Within 20 Business Days of the publication of the Eligible ECI's Accounts for each Financial Year, that Eligible ECI (or, in the case of an Eligible ECI which is a member of a Participant Group, the primary contact for that Participant Group) shall prepare and provide to DCMS a statement, in the form most recently provided by DCMS (or the Delivery Partner on its behalf) to the Eligible ECI, specifying the Eligible ECI's Annual Premium Adjustment Amount, together with the Premium Adjustment Attestation for that Financial Year. The Annual Premium Adjustment Amount shall be included in the next Quarterly Report and Quarter settlement process to occur after delivery of such statement in accordance with Rules 9.7, 10.7 and 11.2.

Recoveries

- 10.5 Each Eligible ECI (individually, regardless of whether it is a member of a Participant Group) shall:
- (A) subject to requirement of Applicable Law and Regulation, pursue Recoveries in accordance with the standards prescribed by the relevant Eligible Policy in a manner consistent with any policies and procedures on recovery of losses applied by the Eligible ECI in the 12 months preceding the commencement of the Scheme Period; and
 - (B) if positive, pay to DCMS the Quarterly Recoveries Amount.
- 10.6 DCMS shall pay to the Eligible ECI (individually, regardless of whether it is a member of a Participant Group), if negative, the Quarterly Recoveries Amount. DCMS shall discharge its obligations under this Rule 10.6 by agreeing to the set-off of such amount against the amounts owed to it by the Eligible ECI under this Rule 10 in accordance with Rule 10.7.

Quarterly ECI Amount

- 10.7 Subject to Rule 10.8, each Eligible ECI (individually, regardless of whether it is a member of a Participant Group) shall discharge its obligations under Rules 10.1, 10.4 and 10.5 by making payment to DCMS of an amount of GBP equal to:

- (A) if positive, the Quarterly Recoveries Amount due to DCMS from that Eligible ECI for that Quarter; *less*
 - (B) if negative, the Quarterly Recoveries Amount due to that Eligible ECI from DCMS for that Quarter; *plus*
 - (C) to the extent applicable, the Annual Premium Adjustment Amount if positive,
- (the “**Quarterly ECI Amount**” which, subject to DCMS review and agreement, will be set out in the Quarterly Report) in accordance with Rule 11 (*Settlement*).

10.8 Any dispute in relation to compliance with this Rule and/or any related payments shall be subject to the provisions of Rules 24 (*Dispute resolution*) and 25 (*Expert determination*).

11. Settlement

Monthly Settlement

11.1 On the date falling 10 Business Days after receipt of an Eligible ECI's complete Monthly Report in accordance with Rule 17.1 the relevant Eligible ECI (individually, regardless of whether it is a member of a Participant Group) shall pay to DCMS the Monthly Premium Amount shown in that Monthly Report.

Quarterly Settlement

11.2 On the date falling 20 Business Days after receipt of an Eligible ECI's complete Quarterly Report in accordance with Rule 17.2:

- (A) where the Quarterly Indemnification Amount due from DCMS for the immediately preceding Quarter under Rule 9.7 is greater than the Quarterly ECI Amount due from an Eligible ECI for that immediately preceding Quarter under Rule 10.7 (plus any Quarterly ECI Amount due but not paid), DCMS shall pay to that Eligible ECI (individually, regardless of whether it is a member of a Participant Group) that Quarterly Indemnification Amount net of that Quarterly ECI Amount (a “**DCMS Payable**”); and
- (B) where the Quarterly ECI Amount due from an Eligible ECI for the immediately preceding Quarter under Rule 10.7 (plus any Quarterly ECI Amount previously due but not paid) is greater than the Quarterly Indemnification Amount due from DCMS for that immediately preceding Quarter under Rule 9.7, the relevant Eligible ECI (individually, regardless of whether it is a member of a Participant Group) shall pay to DCMS that Quarterly ECI Amount net of that Quarterly Indemnification Amount (an “**ECI Payable**”). DCMS may by written notice to an Eligible ECI alter this requirement to instead not require an ECI Payable to be actually paid, but to be recorded and set off against the next DCMS Payable as it falls due under Rule 11.2(A) (in which case, to the extent such ECI Payable exceeds the next DCMS Payable, the excess only of that ECI Payable shall

continue to be recorded and shall be set off against subsequent DCMS Payables due to be paid under Rule 11.2(A) as they arise for payment).

- 11.3 An Eligible ECI shall apply any amount received from DCMS under Rule 11.2(A) or such relevant portion of such amount against Eligible Losses incurred by that Eligible ECI.
- 11.4 Where any amount (or any element of such amount) to be paid by or to DCMS is based on a currency other than GBP, for the purposes of calculating and paying that amount, such amount shall be translated into GBP at the prevailing exchange rate applicable to the relevant amount of that non-GBP currency by reference to the Eligible ECI's exchange rate reference point consistently used for financial reporting purposes on the nearest practicable date to the date of the relevant Quarterly Report.
- 11.5 Any dispute in relation to compliance with this Rule and/or any related payments shall be subject to the provisions of Rules 24 (*Dispute resolution*) and 25 (*Expert determination*).

12. Underwriting and premiums

Underwriting

- 12.1 Without prejudice to Rule 12.2, from the Start Date and until the expiry of the Scheme Period:
- (A) the Eligible ECI shall act in a way that reflects the objectives of the Scheme (and in particular, DCMS's expectation is that Eligible ECIs shall continue offering cover for Insured Risks pursuant to the Scheme during the Scheme Period), and DCMS's commitment, and underwrite Insured Risks with respect to Eligible Events accordingly but shall otherwise continue to act according to its existing Underwriting Policies in respect of underwriting events cancellation cover, and while an Eligible ECI is taking part in the Scheme:
- (i) it must not insure Insured Risks other than as part of an Eligible Policy without DCMS's prior written consent;
 - (ii) it may not refuse to offer cover solely on the basis of the Covid-19 risk profile of a particular Eligible Event; and
 - (iii) it may not cancel cover under an Eligible Policy solely due to changing Covid-19 risk;
- (B) the Eligible ECI shall not charge any administration fees solely because an insured is adding cover for Insured Risks to an existing policy held with that Eligible ECI, or solely because an insured is entering into a new Eligible Policy (which therefore covers Insured Risks). This provision shall not prevent the Eligible ECI from charging the insured party fees in accordance with its practice in place prior to 3 August 2021, or charging the insured ordinary course administration fees in relation to claims handling, subject to the Scheme Rules;

- (C) the Eligible ECI shall ensure that the terms of each Eligible Policy with respect to the Eligible Policy Scheme Element shall either be in the form of a model policy set out at Attachment 6 (*Form of Model Policy Wording*), or shall otherwise be consistent with the Scheme Documents (in which case the Eligible ECI shall ensure that cover is provided in relation to Insured Risks on terms approved by DCMS);
- (D) each Eligible ECI which has written cover (whether 100% or less than 100% but more than zero) for an Eligible Policy Non-Scheme Element must also offer cover for the linked Eligible Policy Scheme Element to the same insured (provided that if such Eligible ECI is unable to offer such cover on the grounds that it would otherwise exceed the non-binding indication of the level of its capacity set out in its Scheme Application or its Eligible ECI Utilisation Limit, the insured may accept an equivalent offer of cover for that Eligible Policy Scheme Element from another Eligible ECI);
- (E) each Eligible ECI shall only write cover with respect to Insured Risks for the benefit of parties who have:
 - (i) at that time paid in full all policy premia (in accordance with the terms of the policy) (and any additional premia with respect to Insured Risks);
 - (ii) satisfied all prequalifying questions; and
 - (iii) satisfied any other criteria set out in the Scheme Rules; and
- (F) excess with respect to Insured Risks under each Eligible Policy (which need only be paid once under an Eligible Policy, and need not be paid on a per-event or per-claim basis) must be set at the higher of:
 - (i) 5% of the total sum insured under the relevant Eligible Policy with respect to Insured Risks; and
 - (ii) £1,000; and
- (G) each Eligible ECI shall, in connection with writing cover with respect to Insured Risks, use a valid lawful basis in order to process any Personal Data.

Premiums

- 12.2 An Eligible ECI shall ensure that, from the Start Date and until the expiry of the Scheme Period:
- (A) the premium, pricing, excess and other terms of any Eligible Policy (other than with respect to Insured Risks) are not changed solely as a result of the Scheme, and remain at levels not materially worse for customers than the Eligible ECI's practices in place prior to 3 August 2021; and

- (B) it does not charge any premium in excess of the Base Premium with respect to Insured Risks.

13. Covenants and undertakings

13.1 From the Start Date and until the expiry of the Scheme Period, the Eligible ECI shall: operate its business in the ordinary and usual course (measured against the first calendar quarter of 2020).

13.2 From the Start Date and until the expiry of the Scheme Period, the Eligible ECI shall not, save with the prior written consent of DCMS, pay any bonus, variable remuneration or benefit to Senior Management directly resulting from writing cover with respect to Insured Risks under Eligible Policies.

13.3 From the Start Date and until the Termination Date, each Eligible ECI shall:

- (A) comply with Applicable Law and Regulation in all material respects;
- (B) comply with its memorandum and articles of association or equivalent;
- (C) co-operate in a proactive and transparent manner with DCMS and the Delivery Partner and use all reasonable endeavours to satisfy such due diligence and information requests as DCMS may reasonably make for the purposes of the Scheme;
- (D) maintain standard business practices and guidelines in respect of Customer Due Diligence in place and applied during the first calendar quarter of 2020; and
- (E) maintain standard exclusions within the terms of all Eligible Policies.

13.4 From the Start Date and until the Termination Date, each Eligible ECI shall not, save with the prior written consent of DCMS, such consent not to be unreasonably withheld or delayed:

- (A) make any material changes at a portfolio level to claims payment or administrative practices, controls or systems relating to the Eligible Policies or otherwise make material change to the terms and conditions of any Eligible Policies once issued other than in compliance with Applicable Law and Regulation and/or in the ordinary course of business (measured against the average during the first calendar quarter of 2020); or
- (B) make any material change to accounting principles, practices or policies, other than changes required by IFRS or other applicable accounting standards.

13.5 Each Eligible ECI shall not, save with the prior written consent of DCMS, declare or pay any dividend or make any other distribution or return of value to an Eligible ECI's shareholders based on the profits directly resulting from writing cover with respect to

Insured Risks under Eligible Policies, whether such profits were made during the Scheme Period.

- 13.6 From the Start Date until the Termination Date, an Eligible ECI shall not, save with the prior written consent of DCMS, enter into an Eligible Policy to the extent doing so would result in the Scheme Utilisation of that Eligible ECI (or, in the case of an Eligible ECI which is a member of a Participant Group, of the Participant Group of which it is a member) exceeding the Eligible ECI Utilisation Limit applicable to it (or, in the case of an Eligible ECI which is a member of a Participant Group, applicable to that Participant Group). To the extent the Scheme Utilisation of an Eligible ECI (or Participant Group) exceeds the Eligible ECI Utilisation Limit applicable to it, Rule 9.5 shall apply.
- 13.7 From the Start Date until the Termination Date, an Eligible ECI shall not, save with the prior written consent of DCMS, enter into any insurance contract or otherwise write any cover with respect to the Insured Risks, or any cover that is materially similar to the cover indemnified under the Scheme, other than pursuant to an Eligible Contract which is subject to the Scheme.
- 13.8 From the Start Date until the Termination Date, an Eligible ECI shall prior to issuing an Eligible Policy obtain confirmation from the insured under the proposed Eligible Policy that the Eligible Event will credit the support provided via the Scheme in an equivalent manner (and with equivalent prominence) to the manner in which support from sponsors of the Eligible Event is credited.

14. Claims handling and administration

- 14.1 Each Eligible ECI shall perform all claim handling responsibilities in respect of Eligible Policies and Claims, and shall perform such responsibilities with reasonable skill and care and in accordance with:
- (A) all Applicable Law and Regulation;
 - (B) the Eligible ECI's established procedures and practices (including with respect to policies which insure multiple events or a 'run' of events, in particular concerning the allocation of costs and losses between events insured under the same policy) as applied in the 12 months preceding the Scheme Launch Date, subject to reasonable adjustments in response to material increases in claims levels agreed with DCMS in advance of implementation; and
 - (C) Good Industry Practice.
- 14.2 Each Eligible ECI shall from the Start Date and until the Termination Date staff claims management teams appropriately in the circumstances and use reasonable endeavours to maintain average service levels achieved during the first calendar quarter of 2020.
- 14.3 Each Eligible ECI shall require the insured party making any claim under with respect to Insured Risks under an Eligible Policy to provide the details of funds, if any, received under any other cross-economy government Covid-19 support scheme or a government

grant covering costs and expenses (but excluding any government loan that must be repaid in due course or any grant from HMG not specific to a particular event or with respect to the costs of an event, but applicable generally to the event sector or a segment thereof) and any other State's backed or guaranteed support arrangements; or to certify that it has not received any such funds.

15. Warranties and Management Confirmation Letters

- 15.1 Each Eligible ECI warrants to DCMS that each of the Warranties set out in Annex 2 (*Eligible ECI Warranties*) to these Scheme Rules is true and not misleading as at the Start Date.
- 15.2 Each Eligible ECI warrants to DCMS that it has complied with its duty of fair presentation as set out in sections 2 to 7 of the Insurance Act 2015 for the purposes of the Eligible ECI Contract.
- 15.3 The Warranties are given subject to any fact, matter or circumstance fairly disclosed in the Disclosure Letter.
- 15.4 Any Warranty qualified by the expression "so far as the Eligible ECI is aware" or any similar expression shall, unless otherwise stated, be deemed only to refer to the actual knowledge and awareness on the date such Warranty is given of the Management Signatories (having in each case read and had explained to them the Warranties) and after making reasonable enquiries of Key Personnel.
- 15.5 DCMS acknowledges that it does not rely on any warranties, representations, covenants, undertakings, indemnities or other statements whatsoever not set out in these Scheme Rules and acknowledges that no Eligible ECI nor any of its representatives has given any such warranties, representations, covenants, undertakings, indemnities or other statements.
- 15.6 Each of the Warranties shall be construed as a separate and independent warranty and (except where expressly provided to the contrary) shall not be limited or restricted by reference to or inference from the terms of any other Warranty.
- 15.7 The Management Signatories will each execute a Management Confirmation Letter on the Start Date and deliver the executed original document to DCMS.

16. Claims against Eligible ECI

- 16.1 The provisions of Annex 4 (*Limitation on the liability of Eligible ECI*) shall apply in relation to the liability of an Eligible ECI (individually, regardless of whether it is a member of a Participant Group) for any Warranty Claim.
- 16.2 DCMS agrees and undertakes that (in the absence of fraud, dishonesty or wilful concealment) it has no rights against and shall not make any claim against any representative of an Eligible ECI on whom it may have relied when producing these

Scheme Rules (or any other Scheme Document), or entering into any Eligible ECI Contract or any Management Confirmation Letter.

17. Provision of information to DCMS

Regular reporting requirements

- 17.1 Each Eligible ECI (or, in the case of an Eligible ECI which is a member of a Participant Group, the primary contact for that Participant Group) shall, on or before the 5th Business Day of each calendar month of the Term, provide a complete Monthly Report relating to the previous calendar month to DCMS and a Reporting Attestation relating to that report.
- 17.2 Each Eligible ECI (or, in the case of an Eligible ECI which is a member of a Participant Group, the primary contact for that Participant Group) shall, on or before the 15th Business Day of each Quarter, provide a complete Quarterly Report relating to the previous Quarter to DCMS and a Reporting Attestation relating to that report.
- 17.3 Each Eligible ECI (or, in the case of an Eligible ECI which is a member of a Participant Group, the primary contact for that Participant Group) shall prepare the Monthly Reports and Quarterly Reports in accordance with the policies, principles, practices, bases and methodologies set out in Annex 3 (*Accounting policies, principles, practices, bases and methodologies*) to these Scheme Rules.

Additional notification requirements

- 17.4 Each Eligible ECI will notify DCMS in writing, in the form most recently provided by DCMS (or the Delivery Partner on its behalf) to that Eligible ECI, of Claims for a single Eligible Loss or a series of related Eligible Losses over £10,000,000 (an “**Exceptional Claim**”) within 5 Business Days of being notified of such Exceptional Claim.
- 17.5 Each Eligible ECI will promptly notify DCMS in writing upon becoming aware of any novel, contentious or repercussive claims (including claims that are likely to set a precedent, group actions and high-profile cases that are likely to attract national media interest) or upon becoming aware of any claims for Ex Gratia payments (and, in the case of an Eligible ECI which is a member of a Participant Group, the primary contact for that Participant Group may make such notification on the Eligible ECI’s behalf).
- 17.6 It is DCMS’s expectation that an Eligible ECI will pay no brokerage or similar fees in connection with the Scheme and that no deductions for such brokerage will be made to the Scheme Premium paid by Eligible ECIs to DCMS.
- 17.7 An Eligible ECI will promptly notify DCMS of any developments that may have a material impact on the Eligible ECI’s ability to perform any of its obligations as set out in these Scheme Rules.
- 17.8 Where an Eligible ECI becomes aware of an error in the data provided by that Eligible ECI to DCMS, the Eligible ECI will promptly notify DCMS of such error and correct and re-submit the relevant data to DCMS within 5 Business Days of becoming aware of the

error (and, in the case of an Eligible ECI which is a member of a Participant Group, the primary contact for that Participant Group may make such notification on the Eligible ECI's behalf).

- 17.9 Where an Eligible ECI becomes aware of an error provided by that Eligible ECI in a Monthly Report or a Quarterly Report submitted to DCMS, the Eligible ECI will promptly notify DCMS and correct and re-submit the Monthly Report or Quarterly Report, as applicable, within 5 Business Days of becoming aware of the error (and, in the case of an Eligible ECI which is a member of a Participant Group, the primary contact for that Participant Group may make such notification on the Eligible ECI's behalf). Where such error has resulted in an error in the calculation of a Quarterly Indemnification Amount or Quarterly ECI Amount this shall be rectified in the next Quarterly Report and Quarter settlement process.
- 17.10 Each Eligible ECI will notify DCMS in writing, within 5 Business Days of becoming aware of the same, if (applying usual actuarial principles) it determines that it wishes to write a level of cover under the Scheme that, if written, will exceed its Eligible ECI Utilisation Limit (an "**Increased Commitment Notice**") (which notification will have the effect set out in Rule 9.6). In the case of an Eligible ECI which is a member of a Participant Group, the primary contact for that Participant Group may make such notification on behalf of the Participant Group.
- 17.11 Each Eligible ECI shall liaise with DCMS and the Delivery Partner to ensure that accurate and up to date records are kept with respect to the allocation of eligible policies to Scheme Tiers and the amount of Available Tier with respect to each Scheme Tier.

Audit

- 17.12 Each Eligible ECI shall (at its own expense) provide DCMS and DCMS's agents, accountants, auditors and professional advisers with such data, information and records as DCMS reasonably requests for the purposes of DCMS's annual reporting and accounting (including audit) and provide to DCMS any additional information relating to Eligible Policies, Eligible Losses, Eligible Events or such other matters falling within the scope of the Scheme (including claims handling and administration processes) which DCMS may reasonably require following the Termination Date, including reasonable details of the total Claims, Recoveries, Scheme Premiums, Eligible Losses and exposures in respect of Eligible Policies incurred up to and including the Termination Date.

Access rights

- 17.13 Each Eligible ECI shall provide access for such personnel identified by DCMS to the Eligible ECI's personnel, systems (including any systems used for handling Claims), books and records and other documents during working hours and, to the extent permitted, procure that its third party service providers provide reasonable access to their personnel, systems (including any systems used for handling Claims), books and records and other documents which DCMS, or the Delivery Partner on behalf of DCMS, may reasonably request in connection with:

- (A) its review of a Monthly Report or Quarterly Report or any other information provided by an Eligible ECI under the Scheme;
- (B) its review of the Eligible ECI's claims handling and administration processes;
- (C) its monitoring and auditing of an Eligible ECI's compliance with the Scheme Documents; or
- (D) onward reporting, where required, to a Governmental Authority, including, for the avoidance of doubt the Competition and Markets Authority and the European Commission.

Personal Data

17.14 Each Eligible ECI shall ensure that no Personal Data is transferred to DCMS or the Delivery Partner.

Consequences of failure to deliver information

17.15 If an Eligible ECI (or, in the case of an Eligible ECI which is a member of a Participant Group, the primary contact for that Participant Group) fails to submit to DCMS a complete Monthly Report or Quarterly Report within the period specified in Rule 17.1 or Rule 17.2 (any such, or any part of such, Monthly Report or Quarterly Report not submitted to DCMS being "**Missing Information**"), the Eligible (or, in the case of an Eligible ECI which is a member of a Participant Group, the primary contact for that Participant Group) ECI shall provide an explanation to DCMS no later than 5 Business Days following the date for provision of such Missing Information pursuant to Rule 17.1, 17.2 or 17.3 explaining the reasons for such failure by the Eligible ECI to provide the Missing Information (the "**Missing Information Notification**") and shall use reasonable endeavours to agree remedial action with DCMS.

17.16 If the Eligible ECI (or, in the case of an Eligible ECI which is a member of a Participant Group, the primary contact for that Participant Group) has failed to submit to DCMS any Missing Information within 10 Business Days of the expiry of the period specified in Rule 17.1, 17.2 or 17.3, as applicable, then:

- (A) the issue shall be referred to Senior Representatives for resolution in accordance with Rule 24 (*Dispute resolution*); and
- (B) DCMS (and its agents, accountants, auditors and professional advisers) shall have the right to undertake an audit of the Eligible ECI's Books and Records relevant to the Eligible Policies and the that Eligible ECI's participation in the Scheme.

17.17 In the event that the Eligible ECI (or, in the case of an Eligible ECI which is a member of a Participant Group, the primary contact for that Participant Group) fails to deliver a Quarterly Report in accordance with Rule 17.3, DCMS shall have no obligation to make payment of the corresponding Quarterly Indemnification Amount (and in the case of a

Participant Group, to any member of the Participant Group) until such failure is remedied by the Eligible ECI (or, in the case of an Eligible ECI which is a member of a Participant Group, the primary contact for that Participant Group).

18. ECI regulatory compliance, reporting and audit

Once a year, DCMS shall (at the Eligible ECI's expense) provide the Eligible ECI and the Eligible ECI's agents, accountants, auditors and professional advisers with such data, information and records necessary for the purposes of the Eligible ECI's annual reporting and accounting (including regulatory compliance and audit).

19. Scheme Review

19.1 The Scheme Documents and any Eligible ECI Contract (including their commercial terms) may at DCMS's discretion be reviewed in consultation with, among others, the Eligible ECIs, at any point prior to the end of the Scheme Period.

19.2 DCMS may, at its absolute discretion, (and shall, if requested in writing by HMT) pause the Scheme at any time (with respect to reinsuring new policies, and without prejudice to policies already reinsured under the Scheme), including if it does not represent value for money for the taxpayer, by way of written notice to each Eligible ECI then taking part in the Scheme (a "**Pause Notice**"). Following service of a Pause Notice, DCMS may, at its absolute discretion, restart the Scheme at any time, by way of written notice to each Eligible ECI taking part in the Scheme (a "**Restart Notice**").

20. Termination

Termination

20.1 An Eligible ECI Contract shall automatically terminate at the end of the Term.

Termination on commutation

20.2 All Eligible ECI Contracts shall, to the extent not already terminated, terminate on 5 April 2024.

Early termination of Eligible ECI Contract

20.3 Each Party shall notify the other in writing as soon as reasonably practicable if it becomes aware of a material breach or persistent breach of an Eligible ECI Contract, or any act or omission to act likely to result in the same (including any failure to make any payment under the Scheme Rules when due), or of any matter or circumstance that results, or would reasonably be expected to result, in it becoming unlawful in any applicable jurisdiction for an Eligible ECI to give effect to any of its material obligations as contemplated by its Eligible ECI Contract.

- 20.4 An Eligible ECI Contract may be terminated by DCMS in respect of an Eligible ECI at any time by serving a Termination Notice on that Eligible ECI (or, in the case of Eligible ECIs forming part of a Participant Group, the primary contact for that Participant Group) where:
- (A) the Eligible ECI (or, in the case of a Participant Group, any Eligible ECI which is a member of that Participant Group) has failed to make payment of a Quarterly ECI Amount as it falls due in accordance with Rule 11.2(B) and such non-payment has not been remedied within 5 Business Days of DCMS notifying the Eligible ECI in writing of such non-payment and requiring it to be remedied;
 - (B) the Eligible ECI (or, in the case of a Participant Group, any Eligible ECI which is a member of that Participant Group) has failed to provide a sufficient level of information in accordance with Rule 17.3 reasonably required for the Quarterly Indemnification Amount and/or Quarterly ECI Amount (as applicable) to be calculated and such failure has not been remedied within 5 Business Days of DCMS notifying the Eligible ECI in writing of such failure and requiring it to be remedied; or
 - (C) the Eligible ECI (or, in the case of a Participant Group, any Eligible ECI which is a member of that Participant Group) is in material or persistent breach of any of the Scheme Documents (including Rules 10 to 15, inclusive, Rule 17 and Rules 23 to 26, inclusive) and, in the case of any material or persistent breach capable of being remedied, such breach has not been remedied within 20 Business Days of DCMS notifying the Eligible ECI in writing specifying the breach and requiring it to be remedied.
- 20.5 An Eligible ECI Contract may be terminated by an Eligible ECI (in the case of the Eligible ECIs forming part of a Participant Group, by the primary contact for that Participant Group) in respect of DCMS at any time by serving a Termination Notice on DCMS where:
- (A) subject to Rule 17.17, DCMS has failed to make a payment of a Quarterly Indemnification Amount as it falls due in accordance with Rule 11.2(A) and such non-payment has not been remedied within 5 Business Days of an Eligible ECI notifying DCMS in writing of such non-payment and requiring it to be remedied; or
 - (B) DCMS is in material or persistent breach of the Scheme Documents and, in the case of any material or persistent breach capable of being remedied, such breach has not been remedied within 20 Business Days of an Eligible ECI notifying DCMS in writing specifying the breach and requiring it to be remedied.
- 20.6 Any Termination Notice served under Rule 20.4 or 20.5 shall specify the Termination Date (which shall not be less than 5 Business Days and not more than 15 Business Days after the date of the Termination Notice) as determined by DCMS or, as the case may be, the relevant Eligible ECI.
- 20.7 An Eligible ECI Contract may be terminated if agreed to in writing between DCMS and the Eligible ECI (in the case of the Eligible ECIs forming part of a Participant Group, the

primary contact for that Participant Group). DCMS and the Eligible ECI (in the case of the Eligible ECIs forming part of a Participant Group, the primary contact for that Participant Group) shall, in such circumstances, mutually agree the Termination Date.

- 20.8 Each Eligible ECI shall give written notice to DCMS promptly upon becoming aware of any fact matter or circumstance that might cause it to be unlawful for that Eligible ECI to perform any of its existing or future Reinsured Business.
- 20.9 Where it becomes unlawful in any applicable jurisdiction for an Eligible ECI to undertake Reinsured Business or perform all or a material part of its obligations under its Eligible ECI Contract including where an Eligible ECI ceases to hold any authorisation, permission, approval, registration, consent or licence which it requires in order to perform its material obligations under its Eligible ECI Contract, the Parties shall consult with each other in good faith and use reasonable endeavours to agree an appropriate remedy in 20 Business Days, provided that any remedy, as far as possible, preserves the original objectives and economic effect of the Scheme. For the duration of the 20 Business Day period and until such time as no longer unlawful, DCMS shall not be required to make any payments or take any other steps or actions under the Scheme Rules or the Eligible ECI Contract if and to the extent that such payment or steps would be unlawful and if no remedy is agreed between the Parties in accordance with this Rule either Party may terminate the Eligible ECI Contract by written notice to the other Party with immediate effect.
- 20.10 Where it becomes unlawful in any applicable jurisdiction for DCMS to operate the Scheme or perform all or a material part of its obligations under the Scheme Rules or the Eligible ECI Contracts, the Parties shall consult with each other in good faith and use reasonable endeavours to agree an appropriate remedy in 20 Business Days, provided that any remedy, as far as possible, preserves the original objectives and economic effect of the Scheme. For the duration of the 20 Business Day period and until such time as no longer unlawful, DCMS shall not be required to make any payments or take any other steps or actions under the Scheme Rules or the Eligible ECI Contracts if and to the extent that such payment or steps would be unlawful and if no remedy is agreed between the Parties in accordance with this Rule either Party may terminate the Eligible ECI Contract by written notice to the other Party with immediate effect.

21. Consequences of termination and commutation

Commutation

- 21.1 Following termination of an Eligible ECI Contract (which, in the case of a Participant Group, shall act to terminate the single Eligible ECI Contract to which all members of that Participant Group are party) in accordance with Rule 20 (*Termination*), DCMS shall appoint a Fellow of the Institute of Actuaries qualified for at least 10 years to prepare a statement specifying her/his calculation of the Draft Commutation Amounts in accordance with her/his professional duties together with sufficient information to enable the Eligible ECI to verify the basis and assumptions used in such calculations (together, the “**Draft Commutation Materials**”) and DCMS shall provide the Draft Commutation Materials to the Eligible ECI within 60 Business Days of the Termination Date.

- 21.2 Each Eligible ECI shall promptly on written request from DCMS provide such information as is reasonably required by DCMS or the Fellow of the Institute of Actuaries in order to calculate the Draft Commutation Amounts.
- 21.3 An Eligible ECI (in the case of the Eligible ECIs forming part of a Participant Group, the primary contact for that Participant Group) may dispute the Draft Commutation Materials by notice in writing (the “**Commutation Materials Dispute Notice**”) delivered to DCMS within 15 Business Days following receipt of the Draft Commutation Materials, on the basis that either (i) the Draft Commutation Amounts contained within the Draft Commutation Materials are produced upon unreasonable assumptions and judgements which no Fellow of the Institute of Actuaries could (acting in accordance with his/her professional duties) propose; or (ii) the Draft Commutation Amounts contain a manifest error. Where this Rule applies, the Commutation Materials Dispute Notice shall specify:
- (A) which Draft Commutation Amount(s) are disputed;
 - (B) the basis of unreasonableness of the assumptions and/or judgements or the manifest error upon which those Draft Commutation Amount(s) are disputed; and
 - (C) an explanation of the adjustments to the calculation of those Draft Commutation Amount(s) proposed by the Eligible ECI to remedy any unreasonableness of the assumptions and/or judgements or any manifest error.
- 21.4 If an Eligible ECI does not serve a Commutation Materials Dispute Notice in accordance with Rule 21.3, the Draft Commutation Materials shall constitute the Commutation Materials and the Draft Commutation Amounts shall constitute the Commutation Amounts.
- 21.5 If an Eligible ECI properly serves a Commutation Materials Dispute Notice in accordance with Rule 21.3, then DCMS and the Eligible ECI shall use their reasonable endeavours to resolve the dispute and either:
- (A) if DCMS and the relevant Eligible ECI reach agreement on the Draft Commutation Materials within 20 Business Days of the Commutation Materials Dispute Notice being served (or such longer period as DCMS and the Eligible ECI may agree in writing), the Draft Commutation Materials and Draft Commutation Amounts shall be amended (if applicable) to reflect such agreement and shall then constitute the Commutation Materials and Commutation Amounts; or
 - (B) if DCMS and the Eligible ECI do not reach agreement in accordance with Rule 21.5(A), DCMS or the Eligible ECI may refer the dispute to an Expert in accordance with Rule 25 (*Expert determination*) to determine the Commutation Materials and Commutation Amounts. The Expert may only consider whether the Draft Commutation Amounts contained in the Draft Commutation Materials are produced upon unreasonable assumptions and judgements or contain a manifest error which no Fellow or the Institute of Actuaries could acting in accordance with his/ her professional duties produce and if the Expert so determines indicate how

the assumptions or judgements should be replaced or the manifest error corrected.

- 21.6 Each Party shall bear its own costs with respect to the finalisation of the Commutation Materials and the Commutation Amounts, save that the costs of any Expert shall be borne by the Parties as set out in Rule 25.2(C).
- 21.7 Within 15 Business Days following agreement or determination of the Commutation Materials and the Commutation Amounts:
- (A) if following set off in accordance with paragraph 2.2 of Annex 5 (*Commutation calculation*) a residual amount is due to DCMS, the Eligible ECI shall pay such amount in cash to DCMS; or
 - (B) if following set off in accordance with paragraph 2.2 of Annex 5 (*Commutation calculation*) a residual amount is due to the Eligible ECI, DCMS shall pay such amount in cash to the Eligible ECI.

Effects of termination

- 21.8 Termination of an Eligible ECI Contract shall be without prejudice to the accrued rights and liabilities of the Parties thereunder at the date of such termination or expiry but all obligations on DCMS or an Eligible ECI to make payments under these Scheme Rules shall cease from the Termination Date, with the exception of any obligation under Rule 21.7.
- 21.9 Termination of an Eligible ECI Contract shall not affect the continued existence and validity of, and the rights and obligations of the Parties pursuant to Rules 17.12, 21 (*Consequences of termination and commutation*), 23 (*Confidentiality*), 24 (*Dispute resolution*), 25 (*Expert determination*), 28 (*Notices*), 29 (*Remedies and waivers*), 31 (*Governing law and jurisdiction*) and any other provision which explicitly survives termination or expiry, together with those Rules, Annexes and Attachments the survival of which is necessary for the interpretation or enforcement of the Eligible ECI Contract (including Annex 1 (*Definitions and interpretation*)).
- 21.10 Any termination of an Eligible ECI Contract shall have no effect on the rights and liabilities of DCMS or any other Eligible ECI under any other Eligible ECI Contract.

22. Opt Out

- 22.1 If an Eligible ECI delivers an Opt-Out Notice, then from the Opt-Out Date:
- (A) the Eligible ECI shall continue to be bound by the Scheme with respect to Eligible Policies in effect as at the day immediately preceding Opt-Out Date;
 - (B) the Eligible ECI (but not any other member of that Eligible ECI's Participant Group, if applicable) shall cease to be bound by Rule 13.7;

- (C) any events cancellation insurance policy subsequently entered into by that Eligible ECI shall not be an Eligible Policy for the purposes of the Scheme Rules; and
 - (D) any increase in the total sum insured under an Eligible Policy shall not be subject to the Scheme, and an Eligible ECI may not make any claim under the Scheme in excess of the total sum insured under an Eligible Policy as at the date immediately preceding the Opt-Out Date.
- 22.2 The occurrence of an Opt-Out Date shall not terminate an Eligible ECI's Eligible ECI Contract
- 22.3 An Eligible ECI which has delivered an Opt-Out Notice may, at any time following the Opt-Out Date, opt into the Scheme by delivering a valid Opt-In Notice to DCMS in accordance with the Scheme Rules. To be valid, such Opt-In Notice must specify its date of effectiveness, which must be a date falling not less than 30 days after the date of such notice, and not less than six months following the most recent Opt-Out Date with respect to such Eligible ECI.
- 22.4 An Eligible ECI which has delivered an Opt-Out Notice will not be permitted to re-join the Scheme within the six month period following the date of effectiveness of the Opt-Out Notice most recently delivered by that Eligible ECI.
- 22.5 If an Eligible ECI delivers an Opt-In Notice, then from the date following the Opt-In Date:
- (A) the Eligible ECI shall be bound by Rule 13.7; and
 - (B) any events cancellation insurance policy entered into by that Eligible ECI will be able, subject to compliance with the criteria set out in the Scheme Documents, to be an Eligible Policy for the purposes of the Scheme Rules.

23. Confidentiality

- 23.1 Subject to Rules 23.2 and 23.3, from the Start Date until the date falling 10 years after the Termination Date:
- (A) a Receiving Party shall (and shall procure that each member of that Receiving Party's Group shall) treat as secret and strictly confidential and shall not (and shall procure that each member of the Receiving Party's Group shall not) disclose or permit the disclosure of, nor otherwise make available, Confidential Information;
 - (B) A Receiving Party shall:
 - (i) have in place and maintain proper security measures and procedures which shall be at least as stringent as the measures and procedures it applies to its own Confidential Information to protect the confidentiality of the Confidential Information (having regard to its form and nature);

- (ii) respect and observe all regulations and restrictions relating to any security classification marked on the Confidential Information; and
- (iii) immediately notify the Disclosing Party in writing if it suspects or becomes aware of any unauthorised access, copying, use or disclosure in any form of any of the Confidential Information.

23.2 A Receiving Party may disclose Confidential Information if and to the extent:

- (A) required by Applicable Law and Regulation;
- (B) reasonably requested by, or reasonably expected to be provided to, any Governmental Authority to which the Receiving Party making the disclosure is subject (including the National Audit Office, the UK Parliament and the European Commission), whether or not such request has the force of Applicable Law and Regulation;
- (C) disclosure is made by a Receiving Party to a member of the Receiving Party's Group (provided that the Receiving Party shall be liable for any failure by a member of the Receiving Party's Group to keep such information confidential);
- (D) the information is disclosed on a confidential basis to the professional advisers or reinsurers of a Receiving Party or to any person to which that Receiving Party delegates any of its responsibilities under an Eligible ECI Contract, provided that such Receiving Party shall be liable for any failure by such persons to keep such information confidential;
- (E) the Information has come into the public domain through no fault or breach of that Receiving Party;
- (F) the Disclosing Party has given prior written approval to the disclosure; or
- (G) required to enable a Receiving Party to exercise or enforce its rights under these Scheme Rules or any other Scheme Document.

23.3 Each Eligible ECI acknowledges and agrees that:

- (A) DCMS may be subject to the requirements of the Freedom of Information Act 2000 ("**FOIA**") and the Environmental Information Regulations 2006 ("**EIR**") and shall assist and cooperate with DCMS to enable DCMS to comply with any information disclosure obligations;
- (B) DCMS shall be responsible for determining in its absolute discretion and notwithstanding any other provision in these Scheme Rules or any other agreement whether any Confidential Information or any other information is exempt from disclosure in accordance with the provisions of FOIA or the EIR;

- (C) in no event shall an Eligible ECI respond directly to a request for information under FOIA or EIR unless expressly authorised to do so by DCMS; and
- (D) the Eligible ECI acknowledges that DCMS may, acting in accordance with the Ministry of Justice's Code of Practice on the Discharge of the Functions of Public Authorities under Part 1 of FOIA ("**the Code**"), be obliged under FOIA, or the EIR to disclose the Confidential Information:
 - (i) in certain circumstances, without consulting the Eligible ECI; or
 - (ii) following consultation with the Eligible ECI and having taken its views into account,

provided always that, where this Rule 23.3 applies, DCMS shall, in accordance with any recommendations of the Code, take reasonable steps, where appropriate, to give the Eligible ECI advance notice or, failing that, to draw the disclosure to the Eligible ECI's attention after any such disclosure.

23.4 Notwithstanding anything to the contrary in this Rule:

- (A) DCMS shall be entitled to publish these Scheme Rules and any information or guidance relating to the Scheme Rules;
- (B) DCMS may from time to time share information relating to the operation of the Scheme (including information provided by applicants and/or registered Eligible ECIs) with its professional advisers and with any other relevant part(s) of the UK Government; and
- (C) each Eligible ECI shall be entitled to disclose the fact of its participation in the Scheme.

24. Dispute resolution

Where this Rule applies, in the event of a dispute between an Eligible ECI and DCMS in connection with the Scheme, either Party may serve notice on the other setting out in reasonable detail the disputed matter (a "**Dispute Notice**"). Upon service of a Dispute Notice, the Eligible ECI and DCMS shall convene a meeting of the Senior Representatives of the Parties. The Parties shall procure that their respective Senior Representatives shall meet within 10 Business Days of the date of service of the Dispute Notice. If the Senior Representatives of the Parties:

- (A) are able to resolve the dispute within 20 Business Days of the date of the first meeting of the Senior Representatives in respect of the relevant Dispute Notice (or within such longer period as the Senior Representatives of the Parties may agree in writing) (the "**Resolution Period**"), the terms of the agreement, compromise, resolution or settlement reached between the Senior Representatives in respect of the dispute shall be documented in writing, shall be

signed by the Senior Representative of each Party and shall be binding on both Parties; or

- (B) are unable to resolve a dispute in relation to Rules 9 to 11 within the Resolution Period, then either Party may request the dispute to be referred to expert determination in accordance with Rule 25 (*Expert determination*); or
- (C) are unable to resolve a dispute in relation to any other Rule within the Resolution Period, the dispute resolution process under this Rule will be deemed to have been exhausted in respect of such matter and each Party shall be free to pursue its rights under the Eligible ECI Contract or Applicable Law and Regulation in respect of such dispute without further reference to this dispute resolution process.

25. Expert determination

25.1 Where this Rule applies, either Party may, subject to Applicable Procurement Law and Regulations, refer the dispute to an appropriate independent expert to be jointly appointed by the Parties, such independent expert to be:

- (A) in relation to any dispute relating primarily to issues of an actuarial nature:
 - (i) an independent, third party actuary of sufficient skill and experience as DCMS and the Eligible ECI may agree; or
 - (ii) failing such agreement within 10 Business Days, to such person as the President of the Institute and Faculty of Actuaries may, on the application of either DCMS or the Eligible ECI, nominate; and
- (B) in relation to any dispute relating primarily to issues relating to accounting:
 - (i) an independent, third party accountant of sufficient skill and experience as DCMS and the Eligible ECI may agree; or
 - (ii) failing such agreement within 10 Business Days, to such person as the President of the Institute of Chartered Accountants in England and Wales may, on the application of either DCMS or the Eligible ECI, nominate,

(as applicable, the “**Expert**”), in each case on the basis that the Expert is to make a decision on the matter in dispute within 30 Business Days of receiving the reference or such longer reasonable period as the Expert may determine, any such appointment to be made in accordance with Applicable Procurement Law and Regulations (and the Parties shall cooperate in good faith to ensure that DCMS can meet the requirements of Applicable Procurement Law and Regulations).

25.2 In any reference to an Expert in accordance with this Rule:

- (A) the Expert shall act as an expert and not as an arbitrator;

- (B) the decision of the Expert shall, in the absence of fraud or manifest error, be final and binding on DCMS and the Eligible ECI;
- (C) the costs of the Expert shall be paid by DCMS and the Eligible ECI equally or as otherwise determined by the Expert; and
- (D) each of DCMS and the Eligible ECI shall respectively provide or procure the provision to the Expert of all such information as the Expert shall reasonably require including by their respective advisers and, in the case of the Eligible ECI, the Books and Records and personnel of the Eligible ECI's Group.

26. Assignment and transfer

26.1 No Eligible ECI shall, and no Eligible ECI shall purport to, assign, transfer, charge or otherwise deal with all or any of its rights or obligations under these Scheme Rules or grant, declare, create or dispose of any right or interest in these Scheme Rules without the prior written consent of DCMS.

26.2 Any purported assignment in contravention of this Rule shall be void.

27. Third party rights

The Parties to the Scheme Documents do not intend that any term of the Scheme Documents should be enforceable, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to the Eligible ECI Contract.

28. Notices

28.1 A notice or other communication given under or in connection with these Scheme Rules (a "**Notice**") shall be:

- (A) in writing;
- (B) in the English language; and
- (C) sent by the Permitted Method to the Notified Address.

28.2 "**Permitted Method**" means any of the methods set out in column (1) below. A Notice given by the Permitted Method will be deemed to be given and received on the date set out in column (2) below:

(1) Permitted Method	(2) Date on which Notice deemed given
Personal delivery	When left at the Notified Address
Courier delivery	When left at the Notified Address
First class inland post	Two clear Business Days after the date of posting

(1) Permitted Method	(2) Date on which Notice deemed given
E-mail	At the expiration of 48 hours after the time it was sent

28.3 The “**Notified Address**” of each of the Parties is as set out below:

Name of Party	Address	E-mail Address	Marked for the attention of:
Eligible ECI	As set out in the Eligible ECI Contract	As set out in the Eligible ECI Contract	As set out in the Eligible ECI Contract
DCMS	100 Parliament Street, London SW1A 2BQ	eventsreinsuranceteam@dcms.gov.uk	Marc Bryant

or such other Notified Address as the relevant Party may, by Notice to the other Party, substitute for their Notified Address set out above, but without prejudice to the effectiveness of any Notice already given in accordance with this Rule.

28.4 Delivery by DCMS of a notice or other communication to the primary contact of a Participant Group shall be deemed to be delivery by DCMS to all members of that Participant Group.

29. Remedies and waivers

29.1 No delay or omission to act by either Party in exercising any right, power or remedy provided by law or under these Scheme Rules or any other documents referred to in it shall:

(A) affect that right, power or remedy; or

(B) operate as a waiver thereof.

29.2 The single or partial exercise of any right, power or remedy provided by law or under these Scheme Rules shall not preclude any other or further exercise of it or the exercise of any other right, power or remedy.

29.3 Save as expressly provided otherwise in these Scheme Rules, the rights, powers and remedies provided in these Scheme Rules are cumulative and not exclusive of any rights, powers and remedies provided by law.

30. Costs

Except as otherwise stated in these Scheme Rules, each of the Parties shall be responsible for its respective costs and expenses incurred in connection with the entry into and performance of the Scheme Documents.

31. Governing law and jurisdiction

31.1 These Scheme Rules shall be governed by and shall be construed in accordance with the laws of England and Wales. Any matter, claim or dispute arising out of or in connection with these Scheme Rules, contractual or non-contractual in nature, is to be governed by and determined in accordance with English law.

31.2 Without prejudice and subject to the provisions of Rule 24 (*Dispute resolution*), the courts of England and Wales shall have exclusive jurisdiction to settle any dispute, whether contractual or non-contractual, arising out of or in connection with these Scheme Rules. Each Eligible ECI irrevocably submits and agrees to submit to the jurisdiction of the courts of England and Wales.

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Annex 1 Definitions and Interpretation

1. Definitions

In these Scheme Rules:

“Accounts” means:

- (A) for each Financial Year falling within limb (A) of that definition:
 - (i) in the case of an Eligible ECI operating as a UK branch or a subsidiary within a corporate group, the internal consolidation reporting package prepared for the purposes of the Financial Year audited accounts of the company or corporate group which the Eligible ECI forms part (as applicable); or
 - (ii) in all other cases, the Financial Year audited accounts of that Eligible ECI,

as applicable; or

- (B) any partial Financial Year ending on the Termination Date:
 - (i) in the case of an Eligible ECI operating as a UK branch or a subsidiary within a corporate group, that Eligible ECI’s internal reporting package prepared for the purposes of the most recent properly prepared management accounts of the company which the Eligible ECI forms part;
or
 - (ii) in all other cases, the most recent properly prepared management accounts of that Eligible ECI,

as applicable, and in each case produced to the same standard as in limb (B)(i) of this definition.

“Actual Earned Scheme Premium” means the premium earned by an Eligible ECI with respect to Insured Risks under an Eligible Policy during each full or partial Financial Year as reported in the Eligible ECI’s Accounts and where those Accounts do not expressly specify such premium (including due to changes in accounting policies, principles, practices, bases and methodologies since 31 December 2020), a reconciliation of such premium to those Accounts.

“Affiliate” means with respect to any person, each person that controls, is controlled by, or is under common control with, such person. For the purposes of this definition, **“control”** of a person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by power to appoint directors, by contract or otherwise.

“AML Laws” means any applicable law, rule, regulation or other legally binding measure relating to the prevention of money-laundering, fraud, terrorism or similar or related

activities in any relevant country, including the Proceeds of Crime Act 2002 of the United Kingdom.

“Annual Ceded Premium” means the aggregate of all Monthly Premium Amounts paid to DCMS by an Eligible ECI in a Financial Year.

“Annual Premium Adjustment Amount” means the amount resulting from the following calculation for a Financial Year for an Eligible ECI:

[Actual Earned Scheme Premium] minus [Annual Ceded Premium]

“Announced UK Civil Authority Restrictions” means, with respect to any UK Civil Authority Restrictions, that they:

- (A) are Published UK Civil Authority Restrictions;
- (B) have been published on the official website of the relevant UK Civil Authority; or
- (C) have been announced by the Government of the UK in the UK parliament, the devolved government of Scotland in the Scottish parliament, the devolved government of Wales in the Welsh parliament or the devolved government of Northern Ireland in the Northern Ireland assembly.

“Applicable Law and Regulation” means all applicable laws, statutes, regulations, binding regulatory guidance, rules, orders or directives of any Governmental Authority and circulars, judgments and written decisions of any Governmental Authority having jurisdiction over and binding the relevant Party from time to time, in all cases with respect to any part of the UK.

“Applicable Procurement Law and Regulation” means any Applicable Law and Regulation relating to public procurement.

“Available Tier” means, at any time at which it falls to be calculated with respect to an Eligible ECI and a Scheme Tier, an amount equal to:

- (A) the amount of that Scheme Tier; *minus*
- (B) if that Eligible ECI:
 - (i) is not a member of a Participant Group, the Scheme Utilisation of that Eligible ECI already allocated to that Scheme Tier; and
 - (ii) is a member of a Participant Group, the Scheme Utilisation of that Eligible ECI's Participant Group already allocated to that Scheme Tier.

“Base Premium” means, with respect to an Eligible Policy, an amount equal to 5% of the total sum insured with respect to Insured Risks (expressed in pounds sterling) for event cancellation risk.

“Books and Records” has its common law meaning and includes all notices, correspondence, orders, inquiries, drawings, plans, books of account and other documents and all computer disks or tapes or other machine legible programs or other records.

“Business Day” means a day other than a Saturday or Sunday on which banks are generally open for the transaction of normal banking business in London.

“Captive Insurer” means an entity whose main business includes insuring or reinsuring risks arising from any of its Affiliates.

“Claim” means any valid claim in respect of an Insured Risk properly made under, and in accordance with the terms of, an Eligible Policy.

“Claim Expenses” means costs and/or expenses reasonably incurred by the Eligible ECI (without double counting, including in the case of a Participant Group) and properly allocated to a specific a Claim (in a manner consistent with expense allocation policies and practices and claims management manuals of an Eligible ECI properly in place during 2021) in relation to:

- (A) the disposition of a Claim, Eligible Loss or related legal proceedings;
- (B) any delegated Claims handling or servicing agency or subcontractor;
- (C) the investigation or negotiation of a Claim;
- (D) bonds and letters of credit; and
- (E) court proceedings;

and any interest or damages payable on or added to any settlement or damages; and any judgment or award; but excluding any other costs and/or expenses including Ex Gratia Payments and Recoveries Expenses.

“Communicable Disease” means any disease capable of being transmitted from any organism to another organism by means of any substance or agent.

“Commutation Amounts” means the amounts to be paid following termination in accordance with Rule 21 (*Consequences of termination and commutation*) and calculated in accordance with Annex 5 (*Commutation calculation*).

“Commutation Materials” means the Draft Commutation Materials as agreed between the Parties or determined by an Expert, in each case in accordance with Rule 21 (*Consequences of termination and commutation*).

“Commutation Materials Dispute Notice” has the meaning given to it in Rule 21.3.

“Confidential Information” means, irrespective of whether it is marked as being confidential or not:

- (A) Information, including all Personal Data within the meaning of Data Protection Law, provided by a Disclosing Party in connection with the Scheme (whether before or after the Start Date) that relates to: (i) the Disclosing Party; (ii) the Disclosing Party’s Group; or (iii) the operations, business, affairs, developments, intellectual property rights, trade secrets, know-how and/or personnel of the Disclosing Party or the Disclosing Party’s Group;
- (B) other Information: (i) provided by the Disclosing Party or the Disclosing Party’s Group to the Receiving Party in connection with the Scheme (whether before or after the Start Date); or (ii) that ought reasonably to be considered to be confidential which comes (or has come) to the Receiving Party’s attention or into the Receiving Party’s possession in connection with the Scheme (whether before or after the Start Date);
- (C) discussions, negotiations, and correspondence between the Disclosing Party or the Disclosing Party’s Group and/or any of its directors, officers, employees, consultants or professional advisers and the Receiving Party and/or the Receiving Party’s Group and/or any of its directors, officers, employees, consultants or professional advisers in connection with the Scheme (whether before or after the Start Date) and all matters arising therefrom; and
- (D) Information or analysis derived from any of the above,

but not including any Information that:

- (E) was in the possession of the Receiving Party without obligation of confidentiality prior to its disclosure by the Disclosing Party or the Disclosing Party’s Group;
- (F) the Receiving Party obtained on a non-confidential basis from a third party who is not, to the Receiving Party’s knowledge or reasonable belief, bound by a confidentiality agreement with the Disclosing Party or any member of the Disclosing Party’s Group or otherwise prohibited from disclosing the Information to the Receiving Party;
- (G) was already generally available and in the public domain at the time of disclosure otherwise than by a breach of an Eligible ECI Contract or breach of a duty of confidentiality; or
- (H) the Receiving Party evidences to the reasonable satisfaction of the Disclosing Party was independently developed without access to the Confidential Information.

“Confirmation Statement” means a statement in the form set out at Attachment 1 (*Form of Confirmation Statement*) provided to an Eligible ECI by DCMS confirming acceptance into the Scheme in accordance with Rule 6.4.

“Covered Event” means an event (other than an Excluded Event):

- (A) of which advance notice is given to members of the public and/or which is generally available to members of the public to attend or participate in, and, if such event is (1) ticketed, (2) requires payment to attend or participate, or (3) is otherwise of limited capacity, then:
 - (i) it must still be possible for members of the public to obtain the right to attend or participate (as the case may be) when any such advance notice is given; and
 - (ii) the cost or conditions of attendance or participation must not be disproportionately more onerous for members of the public than for any other person. Any requirement:
 - (a) to join a supporters’ or members’ association or club which is generally open to members of the public without the need to be proposed as a member of such association or club by an existing member; or
 - (b) to fulfil objective and reasonable criteria,

in order to attend or participate in such event shall not, on its own, be disproportionately more onerous for the purposes of this limb (ii); or
- (B) which is either (i) advertised to; or (ii) attended by or participated in by, professionals of the same industry or related industries (whether or not advertised to or attended by members of the public) and which:
 - (i) will be for a bona fide business purpose; and/or
 - (ii) will support or foster growth in local economies and/or supply chains.

“Covid-19” means the disease caused by SARS-CoV-2 (severe acute respiratory syndrome coronavirus 2) or any disease or illness caused by a mutation of SARS-CoV-2.

“Customer Due Diligence” means Know Your Customer Checks, checks required under AML Laws and checks to ensure compliance with applicable Sanctions Regimes.

“Data Protection Law” means all Applicable Law and Regulation from time to time relating to the processing of Personal Data and privacy including (where applicable):

- (A) GDPR and any Applicable Law and Regulation of the United Kingdom that: (a) implement and/or exercise derogations under it; and/or (b) replace or supersede it;

- (B) the Privacy and Electronic Communications (EC Directive) Regulations 2003; and
- (C) guidance and codes of practice or conduct issued by a Data Protection Regulator which for the purposes of the Scheme Rules shall be deemed to be mandatory.

“Data Protection Regulator” means the UK Information Commissioner, any supervisory authority (as defined in the GDPR) or any other person having regulatory or supervisory authority over processing of Personal Data by the Parties.

“DCMS” has the meaning given to it in Rule 3.2.

“DCMS Payable” has the meaning given to it in Rule 11.2(A).

“Delivery Partner” has the meaning given to it in Rule 4 (*Delivery of the Scheme*).

“Disclosing Party” means a Party that directly or indirectly discloses or makes available Confidential Information.

“Disclosing Party’s Group” means: (i) in the case of DCMS, DCMS or any part of HMG which DCMS interacts with in connection with the Scheme; or (ii) in the case of an Eligible ECI, its Affiliates.

“Disclosure Letter” means a letter in the form set out at Attachment 3 (*Form of Disclosure Letter*) provided by an Eligible ECI to DCMS on the Start Date disclosing certain matters in relation to the Warranties, together with all documents attached to it or listed in any schedule to it.

“Dispute Notice” has the meaning given to it in Rule 24 (*Dispute resolution*).

“Draft Commutation Amounts” means DCMS’s calculation of the Commutation Amounts.

“Draft Commutation Materials” has the meaning given to it in Rule 21.1.

“ECI Payable” has the meaning given to it in Rule 11.2(B).

“EIR” has the meaning given to it in Rule 23.3(A).

“Eligible ECI” has the meaning given to it in Rule 5.1.

“Eligible ECI Contract” means a contract between DCMS and an Eligible ECI substantially in the form set out at Attachment 2 (*Form of Eligible ECI Contract*).

“Eligible ECI’s Group” means an Eligible ECI and its Affiliates from time to time.

“Eligible ECI Utilisation Limit” has the meaning given to it in the applicable Eligible ECI Contract (and, with respect to a Participant Group, shall apply to all members of the

Participant Group taken together, rather than applying separately to each member of the Participant Group).

“**Eligible Event**” has the meaning given to it in Rule 7.3.

“**Eligible Insurer**” has the meaning given to in Rule 5.1(A).

“**Eligible Losses**” has the meaning give to it in Rule 9.1.

“**Eligible Policies**” has the meaning given to it Rule 7.5.

“**Eligible Policy Non-Scheme Element**” has the meaning given to it in Rule 7.5(A).

“**Eligible Policy Scheme Element**” has the meaning given to it in Rule 7.5(B).

“**Ex Gratia Payment**” means any payment in respect of a Claim to be made gratuitously and without any obligation to make such payment under the contractual terms of an Eligible Policy.

“**Exceptional Claims**” has the meaning given to it in Rule 17.4.

“**Excluded Event**” means an event:

(A) which is attended predominantly by people whose relationship or association:

- (i) with the insured party, event organiser, sponsor, or host; or
- (ii) with the majority of the other attendees of such event,

is primarily personal or social;

(B) which is attended predominantly by people having a prior business or professional relationship or association, in each case by virtue of the majority of such attendees being employed by, or a shareholder of, the same company or corporate group, other than any annual general meeting of shareholders; or

(C) which is of such a nature that it must reasonably be assumed to have been produced solely or principally for the purpose of sexual arousal.

“**Excluded Loss**” means:

(A) costs, charges, expenses and losses in relation to an Eligible Event if, at the time of purchasing the relevant Eligible Policy, Published UK Civil Authority Restrictions or Announced UK Civil Authority Restrictions prohibit such Eligible Event from taking place at its scheduled time or require specified requirements to be satisfied in order for such Eligible Event to take place at its scheduled time (and in relation to specified requirements, costs, charges, expenses and losses

shall only be excluded to the extent they were required in order for such Eligible Event to take place at its scheduled time);

- (B) costs, charges, expenses and losses in relation to an Eligible Event from the date of its postponement if, at the time of postponing the relevant Eligible Event, Published UK Civil Authority Restrictions or Announced UK Civil Authority Restrictions prohibit such Eligible Event from taking place at the time to which it is postponed or require specified requirements to be satisfied in order for such Eligible Event to take place at the time to which it is postponed (and in relation to specified requirements, costs, charges, expenses and losses shall only be excluded to the extent they were required in order for such Eligible Event to take place at the time to which it is postponed);
- (C) if at any time the maximum attendance capacity of an Eligible Event is limited (whether as a result of any Published UK Civil Authority Restrictions or Announced UK Civil Authority Restrictions or as a result of any other constraints associated with an Eligible Event such as venue capacity), each of the costs, charges, expenses or losses in relation to that Eligible Event:
 - (i) incurred after the date of the relevant publication or announcement of such limit in excess of the costs, charges, expenses and losses which could reasonably be expected to be incurred in the context of such limited attendance capacity; and
 - (ii) directly or indirectly arising out of, contributed to by, relating to, or resulting from the cancellation, abandonment, relocation or postponement of such Eligible Event due to Published UK Civil Authority Restrictions or Announced UK Civil Authority Restrictions prohibiting the attendance of, or permitting only a reduced, audience, spectators, members of the public or similar;
- (D) costs, charges, expenses and losses in relation to an Eligible Event from:
 - (i) the date on which any Announced UK Civil Authority Restrictions are announced which will prohibit such Eligible Event from taking place as planned, unless and until
 - (ii) the date of postponement of such Eligible Event to a time when Published UK Civil Authority Restrictions allow such Eligible Event to take place;
- (E) costs, charges expenses and losses directly or indirectly arising out of, contributed to by, relating to, or resulting from:
 - (i) ticket refunds (whether or not pre-booked);
 - (ii) the non-appearance of any person or group(s) of persons;
 - (iii) event money;

- (iv) any loss which is insured by or would, but for the existence of the Eligible Policy, be insured by any other insurance(s) except for any excess beyond the amount which would have been payable under such other insurance(s) had the Eligible Policy not been effected;
- (v) any loss covered by a cross-economy government Covid-19 support scheme or a government grant covering costs and expenses (excluding (i) any government loan that must be repaid in due course; (ii) any grant from HMG not specific to a particular event or with respect to the costs of an event but applicable generally to the event sector or a segment thereof; and (iii) the Scheme);
- (vi) any loss falling within the scope of any non-UK state backed or guaranteed support arrangements;
- (vii) any cancellation, abandonment, relocation or postponement attributable to the conduct of an authority which is not a UK Civil Authority; or
- (viii) lost or foregone revenue or profit;
- (F) costs, charges, expenses and losses in relation to an Eligible Event in excess of costs, charges, expenses and losses which could reasonably be expected to be incurred in the context of any limit on the maximum attendance capacity of the Eligible Event (whether as a result of any Published UK Civil Authority Restrictions or Announced UK Civil Authority Restrictions or as a result of any other constraints associated with the Eligible Event(s) such as venue capacity);
- (G) costs, charges expenses and losses directly or indirectly arising out of, contributed to by, relating to, or resulting from the cancellation, abandonment, relocation or postponement of an Eligible Event where the primary reason for such cancellation, abandonment, relocation or postponement is that any Announced UK Civil Authority Regulations which, when they come into force, could result in the Eligible Event becoming unprofitable or uneconomic to hold;
- (H) loss directly or indirectly arising out of, contributed to by, or resulting from any Communicable Disease or threat or fear of Communicable Disease (whether actual or perceived) except as specifically provided by the Eligible Policy; or
- (I) loss directly or indirectly arising out of, contributed to by, or resulting from any action taken in controlling, preventing, suppressing or in any way relating to any Communicable Disease (including Covid-19) or fear or threat (whether actual or perceived) thereof, except as specifically provided by the Eligible Policy.

“Expert” has the meaning given to it in Rule 25.1.

“Financial Year” means, as the context requires:

- (A) each 12 month period ending on 31 December of a calendar year during the Term; and/or
- (B) any partial financial year period resulting from the early termination of an Eligible ECI Contract under Rule 20 (*Termination*).

“**FOIA**” has the meaning given to it in Rule 23.3(A).

“**Fronting Company**” means an authorised insurer that sells an insurance product on behalf of another entity which maintains the economic risk of such insurance product by way of an indemnity, reinsurance or similar agreement.

“**GDPR**” means the General Data Protection Regulation (EU) 2016/679 of the European Parliament (as amended from time to time).

“**General Block Exemption Regulation**” means European Commission Regulation 651/2014 of 17 June 2014.

“**Good Industry Practice**” means, at any time, the exercise of reasonable skill, care, prudence, efficiency, foresight and timeliness which would at that time be expected from a reasonably and suitably skilled, trained and experienced insurer providing services and products similar to those services and products provided by the Eligible ECIs.

“**Governmental Authority**” means any national or state governmental bodies, authorities, courts of judicial authority, arbitrators and public and industry regulatory authorities, or political subdivision thereof, national or supranational body or any person or body exercising executive, legislative, judicial, regulatory, taxing or administrative functions on behalf of any of them and includes all relevant securities commissions, stock exchange authorities, foreign exchange authorities, foreign investment authorities, competition and anti-trust authorities, financial and insurance regulatory authorities, taxation authorities and similar entities or authorities.

“**HMG**” means the Government of the United Kingdom, including its departments, non-ministerial departments, non-departmental public bodies, bodies corporate formed by and under the sponsorship of a Government department to carry out one or more public functions including UK Government Investments Limited, Affiliates and executive agencies, but excluding the devolved administrations.

“**Increased Commitment Notice**” has the meaning given to it in Rule 17.10.

“**Information**” means all information of whatever nature, however conveyed and in whatever form, including in writing, orally, by demonstration, electronically and in a tangible, visual or machine-readable medium (including CD-ROM, magnetic and digital form).

“**Initial Period**” means, solely with respect to an Eligible Policy issued (whether by way of entry into one or more policies or by way of endorsement onto an existing policy) more

than 12 weeks after the Scheme Launch Date, the period from (and including) the date such policy was issued to (and including) the date falling 56 days later.

“Insured Risks” means Losses irrevocably incurred by an entity, partnership or sole trader (in each case, whether based in the United Kingdom or overseas) in connection with an Eligible Event:

- (A) which has been necessarily cancelled, abandoned, relocated or postponed as a sole direct result of the introduction of new, or the amendment of existing, Published UK Civil Authority Restrictions after the inception of the Eligible Policy; or
- (B) reasonably and necessarily paid solely and directly to avoid cancellation, abandonment, relocation or postponement of such Eligible Event following any new Published UK Civil Authority Restrictions or amendments to Published UK Civil Authority Restrictions after the inception of the Eligible Policy, in each case where:
 - (i) but for the payment of such costs and expenses it would have been illegal or in direct contravention of any Published UK Civil Authority Restrictions for such Eligible Event to take place; and
 - (ii) such additional Losses do not exceed the amount of Losses thereby avoided or diminished,

in each case where such cancellation, abandonment, relocation or postponement is beyond the control of the insured party.

“Key Personnel” means the named individuals of each Eligible ECI responsible for the day-to-day management of the Reinsured Business as set out in the applicable Eligible ECI Contract.

“Know Your Customer Checks” means the measures firms have to take to satisfy customer due diligence as required by regulation 28 and, where relevant, those required by regulations 29 and 33 to 37 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017/692.

“Lloyd’s” means the society incorporated by Lloyd’s Act 1871 with the name of Lloyd’s.

“Losses” means proven costs and expenses actually incurred or paid in preparing for the Eligible Event but excluding Excluded Losses (and, notwithstanding that an Eligible Policy may cover a series, or run, of linked events, Losses must be determined on an event-by-event basis).

“Management Confirmation Letter” means a letter in the form set out at Attachment 4 (*Form of Management Confirmation Letter*).

“Management Signatories” means the named individuals of each Eligible ECI’s management team required to sign the Management Confirmation Letter pursuant to Rule 15.7 as set out in each Eligible ECI Contract.

“Managing Agent” means an underwriting agent which has permission from the Prudential Regulation Authority to manage a syndicate and carry on underwriting and other functions for a member of Lloyd’s.

“Managing General Agent” means an agent or broker that is vested with underwriting authority from an Eligible ECI.

“Missing Information” has the meaning given to it in Rule 17.15.

“Missing Information Notification” has the meaning given to it in Rule 17.15.

“Mixed Participation Placement” has the meaning given to it in Rule 7.5(A).

“Monthly Premium Amount” means the Scheme Premium payable by an Eligible ECI in a Month pursuant to Rule 10.1 to Rule 10.3 (inclusive).

“Monthly Report” means an Eligible ECI’s monthly report containing the information set out in the Monthly Report Template set out in a manner consistent with such template.

“Monthly Report Template” means the template to be used for the Monthly Report, in the form most recently provided by DCMS (or the Delivery Partner on its behalf) to an Eligible ECI.

“Non-Participating Insurer” has the meaning given to it in Rule 7.5(A).

“Notice” has the meaning given to it in Rule 28.1.

“Notified Address” has the meaning given to it in Rule 28.3.

“Opt-In Date” means, with respect to an Opt-In Notice and an Eligible ECI, the date on which such Opt-In Notice becomes effective.

“Opt-In Notice” means a notice in writing from an Eligible ECI to DCMS, stating that the Eligible ECI wishes to opt into the Scheme.

“Opt-Out Date” means, with respect to an Opt-Out Notice and an Eligible ECI, the date on which such Opt-Out Notice becomes effective.

“Opt-Out Notice” means a notice in writing from an Eligible ECI to DCMS, stating that the Eligible ECI wishes to opt out of the Scheme.

“Participant Group” has the meaning given to it in Rule 6.7.

“Party” means DCMS or an Eligible ECI, as applicable.

“Pause Notice” has the meaning given to it in Rule 19.2.

“Permitted Method” has the meaning given to it in Rule 28.2.

“Personal Data” has the meaning given to it under Data Protection Law.

“Petition” has the meaning given to it in Rule 6.2.

“Policyholder Captive” means an insured who insures its risks with an Affiliate whether directly or through reinsurance arrangements via a Fronting Company.

“Premium Adjustment Attestation” means a statement of the accuracy of each Annual Premium Adjustment Amount, as applicable, provided by each Eligible ECI and signed by the Senior Executives.

“Published UK Civil Authority Restrictions” means, with respect to any UK Civil Authority Restrictions, that they:

- (A) have been issued in writing and:
 - (i) published on the official website of the relevant UK Civil Authority; or
 - (ii) made directly by the relevant UK Civil Authority to the relevant event organiser or insured party; and
- (B) have been produced in accordance with due and current process of the relevant UK Civil Authority and have been published by a person with due authorisation; and
- (C) impose an absolute, unequivocal and unqualified obligation (rather than merely being a recommendation or requiring efforts to fulfil an obligation, or being subject to interpretation).

“Quarter” means, as the context requires either:

- (A) the period from and including the Scheme Launch Date to and including 30 September 2021; or
- (B) from 1 October 2021 until the Termination Date, each full three month calendar quarter period ending on 31 March, 30 June, 30 September or 31 December of a calendar year, as applicable; and/or
- (C) any partial calendar quarter period resulting from the early termination of an Eligible ECI Contract under Rule 20 (*Termination*).

“Quarterly Indemnification Amount” has the meaning given to it in Rule 9.7.

“Quarterly Indemnification Payment” has the meaning given to it in Rule 9.7.

“Quarterly Recoveries Amount” means the positive or negative number resulting from the following calculations in respect of a Quarter:

[Recoveries] minus [Recoveries Expenses in respect of those Recoveries]

received by the Eligible ECI in the previous Quarter.

“Quarterly Report” means an Eligible ECI’s quarterly report containing the information set out in the Quarterly Report Template set out in a manner consistent with such template and delivered in accordance with Rule 17.3.

“Quarterly Report Template” means the template to be used for the Quarterly Report, in the form most recently provided by DCMS (or the Delivery Partner on its behalf) to an Eligible ECI.

“Quarterly ECI Amount” has the meaning given to it in Rule 10.7.

“Quota Share Percentage” means, with respect to an Eligible ECI’s:

- (A) Tier 1 Eligible Policies, 95%;
- (B) Tier 2 Eligible Policies, 97%; and
- (C) Tier 3 Eligible Policies, 100%.

“Receiving Party” means a Party that directly or indirectly receives Confidential Information from a Disclosing Party.

“Receiving Party’s Group” means: (i) in the case of DCMS, DCMS or any part of HMG which DCMS interacts with in connection with the Scheme; or (ii) in the case of an Eligible ECI, its Affiliates.

“Recoveries” means any sum actually received, including proceeds of security, by the Eligible ECI in respect of any Eligible Loss for which an Eligible ECI has paid a Claim less any Recoveries Expenses.

“Recoveries Expenses” means costs and/or expenses reasonably incurred by the Eligible ECI and properly allocated to pursuing Recoveries (in a manner consistent with the policies and procedures on recovery of losses and associated expenses applied by the Eligible ECI in the 12 months preceding the Scheme Period) in relation to:

- (A) related legal proceedings;
- (B) the investigation and collection of Recoveries;
- (C) court proceedings;

and any interest or damages payable on or added to any settlement or damages; and any judgment or award.

“Reinsured Business” means the underwriting, administration and management of an Eligible ECI’s Eligible Policies with respect to Insured Risks.

“Reporting Attestation” means a statement of the accuracy and completeness of a Monthly Report and Quarterly Report, as applicable, provided by each Eligible ECI and signed by the Senior Executives.

“Reporting Template” means:

- (A) with respect to a Monthly Report, the Monthly Report Template; and
- (B) with respect to a Quarterly Report, the Quarterly Report Template.

“Resolution Period” has the meaning given to it in Rule 24(A).

“Restart Notice” has the meaning given to it in Rule 19.2.

“Sanctions Regimes” means the economic, financial and trade embargoes and sanctions laws, regulations, rules, lists and/or restrictive measures administered, enacted or enforced by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the United States Department of State, any other U.S. government entity, the United Nations Security Council, any United Nations Security Council Sanctions Committee, the European Union, any Member State of the European Union, any relevant authority or body in the United Kingdom and/or any other government, public or regulatory authority or body.

“Scheme” has the meaning given to it in Rule 1 (*Introduction*).

“Scheme Application” has the meaning given to it in Rule 6.1.

“Scheme Application Deadline” has the meaning given to it in Rule 6.1.

“Scheme Documents” means these Scheme Rules, and in respect of each Eligible ECI, the applicable Eligible ECI Contract, the applicable Disclosure Letter and the applicable Management Confirmation Letter.

“Scheme End Date” means 30 September 2022.

“Scheme Launch Date” means 22 September 2021.

“Scheme Period” means the period from and including the Scheme Launch Date until the Scheme End Date.

“**Scheme Premium**” means, at any time at which it falls to be calculated, an amount equal to applicable Quota Share Percentage (taking into account the allocation pursuant to Rule 7.10) of the Base Premium.

“**Scheme Rules**” has the meaning given to it in Rule 1 (*Introduction*).

“**Scheme Tier**” means each of Tier 1, Tier 2 and Tier 3.

“**Scheme Utilisation**” means, at any time at which it falls to be calculated with respect to an Eligible ECI (or Participant Group), the aggregate of the total sum insured by that Eligible ECI (in the case of a Participant Group, by all members of that Participant Group) with respect to Insured Risks under all Eligible Policies of that Eligible ECI (in the case of a Participant Group, of all members of that Participant Group) at that time:

- (A) *excluding* any amount insured where the end date for the relevant Eligible Policy has occurred, or the relevant Eligible Policy has otherwise expired or been terminated, and in respect of which at its end date or time or expiry or termination (as applicable) there was no payment or claim in respect of Eligible Losses; and
- (B) *including* any Eligible Losses which have been paid or in respect of which a claim has been made to the extent such claim has not been fully and finally rejected.

“**Self-Insurance Structure**” means the insurance by an entity of itself, its Affiliates or its, or its Affiliates’, own interests by maintaining a fund to cover possible losses which would otherwise be covered by a standard third party insurance policy.

“**Senior Executives**” means the Chief Executive Officer and Chief Financial Officer, or equivalents, of an Eligible ECI as set out in the applicable Eligible ECI Contract.

“**Senior Management**” means the named individuals of each Eligible ECI’s senior management team for the purposes of Rule 13.2 as set out in the applicable Eligible ECI Contract.

“**Senior Representatives**” means a senior employee or officer selected by a Party to represent it in relation to Rule 24 (*Dispute resolution*) and as set out in the applicable Eligible ECI Contract.

“**Solvency Capital Requirement**” has the meaning given under Solvency II.

“**Solvency II**” means Directive 2009/138/EC, any regulation, directive, enactment, statutory provision or other legislation implementing that directive, and any associated or consequential amendments or changes to the Financial Conduct Authority Handbook or Prudential Regulation Authority Rulebook (unless otherwise stated).

“**Term**” has the meaning given to it in Rule 6.5.

“**Termination Date**” means the date of termination of these Scheme Rules and an Eligible ECI Contract which shall, in respect of an Eligible ECI be:

- (A) where the Scheme Rules expire in accordance with Rule 20.1, the Scheme End Date;
- (B) as specified in a Termination Notice served in accordance with Rules 20.4 or 20.5; or
- (C) such date as is mutually agreed between the Eligible ECI and DCMS in accordance with Rule 20.7.

“Termination Notice” means a notice served by DCMS or an Eligible ECI under Rule 20.6, as the case may be, setting out the grounds for termination of these Scheme Rules and the Termination Date.

“the Code” has the meaning given to it in Rule 23.3(D).

“Tier 1” means, with respect to an Eligible ECI (or a Participant Group), a tier in an amount of £100,000,000.

“Tier 1 Eligible Policy” means, at any time at which it falls to be calculated, any portion of the total sum insured with respect to Insured Risks under an Eligible Policy which at that time is allocated to Tier 1 pursuant to Rule 7.10.

“Tier 2” means, with respect to an Eligible ECI (or a Participant Group), a tier in an amount of £167,000,000.

“Tier 2 Eligible Policy” means, at any time at which it falls to be calculated, any portion of the total sum insured with respect to Insured Risks under an Eligible Policy which at that time is allocated to Tier 2 pursuant to Rule 7.10.

“Tier 3” means, at any time at which it falls to be calculated with respect to an Eligible ECI (or a Participant Group), a tier in an amount equal to:

- (A) its Eligible ECI Utilisation Limit (which, in the case of a Participant Group, shall be the Eligible ECI Utilisation Limit applied to that Participant Group as a whole); *minus*
- (B) £267,000,000.

“Tier 3 Eligible Policy” means, at any time at which it falls to be calculated, any portion of the total sum insured with respect to Insured Risks under an Eligible Policy which at that time is allocated to Tier 3 pursuant to Rule 7.10.

“UK” means the United Kingdom of Great Britain and Northern Ireland, and is a union of England, Scotland, Wales, and Northern Ireland.

“UK Civil Authority” means the Government of the UK, the UK Parliament, the devolved governments of Scotland, Wales and Northern Ireland, the Scottish Parliament, the Welsh

Parliament, the Northern Ireland Assembly, and any local government authority within any part of the UK.

“UK Civil Authority Restrictions” means acts, regulations or directions made, or guidance issued by, a UK Civil Authority in response to Covid-19.

“UK Tax Resident” means:

- (A) an incorporated entity that (i) is resident only in the UK for tax purposes (except where the insured is a permanent establishment outside the UK of such an entity) or (ii) carries on a trade in the UK through a permanent establishment in the UK and receives the Insured Receivables in the course of such trade;
- (B) an individual carrying on a business as a sole trader, provided that all of the profits of that business are subject to UK tax; or
- (C) a partnership, provided that all of the profits of the business carried on by the partnership are subject to UK tax.

“Underwriting Policies” means an Eligible ECI’s underwriting policies, rules, practices and guidance as utilised by the Eligible ECI during the first half of 2021.

“Warranties” means the warranties set out in Annex 2 (*Eligible ECI Warranties*) and **“Warranty”** means any of them.

“Warranty Claim” means any claim for breach of any Warranty.

32. Interpretation

In these Scheme Rules, unless the context requires otherwise:

- (A) the table of contents and the headings to Rules, Annexes and Attachments are inserted for convenience only and do not affect the interpretation of these Scheme Rules;
- (B) references to Rules, Annexes and Attachments are to Rules, Annexes and Attachments to, these Scheme Rules, and references to a part, paragraph or sub-paragraph are to a part, paragraph or sub-paragraph of an Annex or Attachment to these Scheme Rules;
- (C) the Annexes and Attachments form part of these Scheme Rules and shall have the same force and effect as if expressly set out in the body of these Scheme Rules, and any reference to these Scheme Rules shall include the Annexes and Attachments;
- (D) references to these Scheme Rules or any other document or to any specified provision of these Scheme Rules or any other document are to these Scheme Rules, that document or that provision as from time to time amended in

accordance with the terms of these Scheme Rules or that document or, as the case may be, with the agreement of the Parties;

- (E) words importing the singular include the plural and vice versa, words importing a gender include every gender, and references to a person include an individual, corporation, partnership, any unincorporated body of persons and any government entity;
- (F) references to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall in respect of any jurisdiction other than England be deemed to include what most nearly approximates in that jurisdiction to the English legal term;
- (G) references to time are to London time unless otherwise stated;
- (H) the rule known as the *eiusdem generis* rule shall not apply, and accordingly words introduced by words and phrases such as “include”, “including”, “other” and “in particular” shall not be given a restrictive meaning or limit the generality of any preceding words or be construed as being limited to the same class as the preceding words where a wider construction is possible;
- (I) the word “**company**” shall be deemed to include any partnership, undertaking or other body of persons, whether incorporated or not incorporated and whether now existing or formed after the date of these Scheme Rules;
- (J) references to “**event cancellation risk**” or an “**events cancellation insurance policy**” shall be deemed to refer to the risk of, or an insurance policy insuring with respect to the risk of (as applicable), cancellation, abandonment, relocation and postponement of an event;
- (K) references to a “**person**” shall be construed so as to include any individual, firm, company, corporation, body corporate, government, state or agency of a state, local or municipal authority or government body or any joint venture, association or partnership (whether or not having separate legal personality), but references to a “**natural person**” shall mean an individual only;
- (L) references to DCMS shall mean DCMS or any Delivery Partner that DCMS has outsourced the performance of its obligations under the Scheme Rules to in accordance with the terms of these Scheme Rules;
- (M) references to writing shall include any modes of reproducing words in a legible and non-transitory form, and whether sent or supplied by electronic mail;
- (N) any reference to a “**day**” (including within the phrase “Business Day”) shall mean a period of 24 hours running from midnight to midnight;

- (O) general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words;
- (P) any reference to GBP, £ or Sterling will be construed as meaning the lawful currency of the UK;
- (Q) a reference to any statute or statutory provision (whether of the UK or elsewhere) includes any subordinate legislation (within the meaning of section 21(1) Interpretation Act 1978) made under it;
- (R) a reference to any other statute or statutory provision (whether of the UK or elsewhere) includes any provision which it has superseded or re-enacted (with or without modification), and any provision superseding it or re-enacting it (with or without modification), before or on the Start Date, or after the Start Date except to the extent that the liability of any Party is thereby increased or extended; and
- (S) DCMS's interpretation of any provision as it relates to Participant Groups shall be conclusive.

Annex 2 Eligible ECI Warranties

1. Capacity

- 32.2 Eligible ECI is a company duly incorporated and organised and existing under the laws of the jurisdiction in which it is incorporated or a duly established branch of such a company and has full power to conduct its business as it is carried on at the Start Date.
- 32.3 Eligible ECI has the right, power and authority to enter into the Scheme and the Eligible ECI Contract and perform the obligations thereunder.
- 32.4 This Scheme constitutes legal, valid and binding obligations of Eligible ECI enforceable in accordance with the Scheme Rules.
- 32.5 The execution and delivery of, and the performance by Eligible ECI of its obligations under, the Scheme Documents and the Scheme will not:
- (A) result in a breach of any provision of the constitutional documents of Eligible ECI;
 - (B) result in a breach of, or constitute a default under, any agreement or instrument to which Eligible ECI is a party or by which Eligible ECI is bound; or
 - (C) result in a breach of any order, judgment or decree of any court or Governmental Authority to which either Eligible ECI is a party or by which Eligible ECI is bound.

33. Insolvency

- 33.1 Eligible ECI (which for the purposes of Warranties 2.1 to 2.8 below will include, in the case of a branch, the company which the branch forms part of) is not insolvent nor unable to pay its debts as they fall due.
- 33.2 No order has been made, no resolution has been proposed or passed, and, so far as Eligible ECI is aware, no petition has been presented and no meeting has been convened or notice given or filed for the winding up, bankruptcy, administration (judicial or otherwise) or receivership (including administrative receivership) of Eligible ECI (or analogous steps in the jurisdiction of incorporation).
- 33.3 No administrator has been appointed or composition or similar arrangements with creditors been executed or proposed, and, so far as Eligible ECI is aware, no procedure has been commenced with a view to the appointment of an administrator, in respect of Eligible ECI or all or any material part of its assets (or analogous steps in the jurisdiction of incorporation).
- 33.4 No receiver (which expression shall include an administrative receiver) has been appointed in respect of Eligible ECI or in respect of all or any material part of its assets (or analogous steps in the jurisdiction of incorporation).
- 33.5 No voluntary arrangement has been proposed under section 1 of the Insolvency Act 1986 (or equivalent legislation in the jurisdiction of incorporation) in respect of Eligible ECI.

- 33.6 So far as Eligible ECI is aware, no circumstances have arisen which are likely to result in a transaction to which Eligible ECI is party being set aside under section 238 of the Insolvency Act 1986 (or equivalent legislation in the jurisdiction of incorporation).
- 33.7 Eligible ECI is not an undertaking in “financial difficulty” as defined by Article 2(18) of the General Block Exemption Regulation.
- 33.8 Eligible ECI currently meets its Solvency Capital Requirement.

34. Conduct of Business

During the period starting on 1 January 2021 and ending on the Start Date, the business of Eligible ECI has been carried on in a manner consistent with Rules 13.1, 13.3 and 13.4.

35. Information accuracy

The information disclosed by Eligible ECI in the actuarial, legal and operational due diligence performed by DCMS and its professional advisers in connection with the Scheme, is accurate in all material respects and is all that the Eligible ECI acting reasonably and in good faith believes is reasonably required for the purposes of DCMS making an informed and accurate assessment of the liabilities, asset reserves and claims handling practices of Eligible ECI.

Annex 3
Accounting policies, principles, practices, bases and methodologies

The Monthly Report and Quarterly Report shall:

1. be prepared consistently so as to allow comparison from one report to the next and presented in a manner consistent with the relevant Reporting Template;
2. be prepared on the same basis as, and in accordance with, the same accounting principles, practices and policies as those applied in the preparation by the Eligible ECI of equivalent information at the Start Date, except where change is required by IFRS or other applicable accounting standards; and
3. subject to paragraph 1 above, to the extent applicable be prepared under generally accepted accounting principles and financial reporting and accounting standards in force and applicable at the date of preparation.

Annex 4
Limitation on the liability of Eligible ECIs

1. Scope

- 35.1 The provisions of this Annex 4 shall operate to limit the liability of an Eligible ECI in respect of any Warranty Claim.
- 35.2 Nothing in this Annex 4 shall operate to limit or restrict the liability of an Eligible ECI in respect of any claim against it arising as a result of fraud, dishonesty or wilful concealment of an Eligible ECI.

36. Financial Limitations

The total aggregate liability of an Eligible ECI in respect of all Warranty Claims shall not in any event exceed £10,000,000. This limit on liability shall apply individually to each member of a Participant Group, rather than to the Participant Group as a whole.

37. Time limit for bringing a Warranty Claim

No Warranty Claim shall be brought against an Eligible ECI unless (and an Eligible ECI shall only have liability in respect of any such Warranty Claim if) DCMS shall have given to the Eligible ECI written notice of such Warranty Claim specifying in reasonable detail:

- (A) the matter which gives rise to such claim;
- (B) the nature of the Warranty Claim and the breach giving rise to such claim; and
- (C) so far as is reasonably practicable at the time of notification, the amount claimed in respect thereof (comprising DCMS's good faith calculation of the loss thereby alleged to have been suffered),

(a "**Warranty Claim Notice**"), and such Warranty Claim Notice is to be given not later than the date falling six months after the date of the applicable Eligible ECI Contract provided that the liability of an Eligible ECI in respect of any such Warranty Claim shall absolutely determine (if such Warranty Claim has not been previously satisfied, settled or withdrawn) if legal proceedings in respect of such Warranty Claim shall not have been commenced within six months of the service of the relevant Warranty Claim Notice (and, for this purpose, proceedings shall be deemed not to have been commenced unless they have been properly issued and validly served upon an Eligible ECI).

38. Acts of, and acts requested by, DCMS

No Warranty Claim shall be brought against an Eligible ECI (and an Eligible ECI shall not be liable in respect of any such Warranty Claim) to the extent that such Warranty Claim has arisen as a result of (or the amount of the Warranty Claim is increased as a result of):

- (A) any voluntary act, omission, transaction or arrangement carried out:

- (i) by (or on behalf of) an Eligible ECI at the written request of or with the written consent of DCMS before the Start Date, or as contemplated by the terms of the applicable Eligible ECI Contract;
 - (ii) by (or on behalf of) DCMS before the Start Date or during the Term (other than at the written request of or with the written consent of an Eligible ECI or as contemplated by the terms of the applicable Eligible ECI Contract); or
 - (iii) in breach of an Eligible ECI Contract by DCMS; or
- (B) any admission of liability made in breach of the provisions of this Annex 4 after the date hereof by (or on behalf of) DCMS.

39. Future legislation and regulation and changes to accounting practice

39.1 For the purposes of this paragraph 5, the “**Relevant Date**” is the Start Date.

39.2 No Warranty Claim shall be brought against an Eligible ECI (and an Eligible ECI shall not have any liability in respect of any Warranty Claim) to the extent that such liability occurs or is increased as a result of:

- (A) any Applicable Law and Regulation not in force on or prior to the Relevant Date;
- (B) the withdrawal after the Relevant Date of any extra-statutory concession or other agreement or arrangement currently granted by or made with any Governmental Authority (whether or not having the force of law);
- (C) any change after the Relevant Date of any generally accepted interpretation or application of any legislation or in the enforcement policy or practice of any Governmental Authority; or
- (D) any change in UK GAAP or IFRS after the Relevant Date,

in each case, unless the substance of the relevant legislation, withdrawal or change was officially published on or prior to the Relevant Date.

40. Consequential loss

Notwithstanding anything to the contrary in the Scheme Rules, an Eligible ECI will not be liable to DCMS under a Warranty Claim for:

- (A) loss of or anticipated loss of profit, loss of or anticipated loss of revenue, business interruption, loss of any contract or other business opportunity or goodwill;
- (B) indirect loss or consequential loss;
- (C) any special, punitive or aggravated damages; or

(D) loss of reputation,

other than any loss or damage referred to in (A), (C) or (D) to the extent constituting direct loss.

41. No double recovery

41.1 No liability shall attach to an Eligible ECI by reason of any Warranty Claim to the extent that the same loss has been recovered by DCMS under any other Warranty Claim. Accordingly, DCMS may only recover once in respect of the same loss.

41.2 An Eligible ECI shall not be liable in respect of any Warranty Claim to the extent that the subject of the Warranty Claim has been or is made good or is otherwise compensated for without cost to DCMS.

42. General

42.1 Nothing in any Scheme Document shall or shall be deemed to relieve or abrogate DCMS of any common law duty or other duty to mitigate any loss or damage in respect of any Warranty Claim, other than a Warranty Claim in the nature of a debt claim.

42.2 Each provision of this Annex 4 shall be read and construed without prejudice to each of the other provisions of this Annex 4.

Annex 5
Commutation Calculation

1. Commutation Amounts

The Commutation Amounts are:

- (A) Any amounts outstanding under Rule 11.2 at the Termination Date.
- (B) An amount equal to:
 - (i) Eligible Losses; *plus*
 - (ii) Recoveries Expenses; *less*
 - (iii) Recoveriesin each case, incurred but not enough reported (IBNER) at the Termination Date.
- (C) An amount equal to:
 - (i) Eligible Losses; *plus*
 - (ii) Recoveries Expenses; *less*
 - (iii) Recoveriesin each case, incurred but not reported (IBNR) at the Termination Date.
- (D) An amount equal to the present value of future Scheme Premiums which are not due and payable at the Termination Date.

43. Payment of Commutation Amount

43.1 As regards:

- (A) paragraph 1(A) above:
 - (i) if the Quarterly Indemnification Amounts due are greater than the Quarterly ECI Amounts due, DCMS shall pay the Eligible ECI the difference; and
 - (ii) if the Quarterly Indemnification Amounts due are less than the Quarterly ECI Amounts due, the Eligible ECI shall pay DCMS the difference;
- (B) paragraphs 1(B) and 1(C) above:
 - (i) if the amount is positive, DCMS shall pay this amount to the Eligible ECI; and

(ii) if the amount is negative, the Eligible ECI shall pay an amount equal to that amount presented as a positive amount to DCMS;

(C) paragraph 1(D) above, the Eligible ECI shall pay that amount to DCMS, together with any amounts then due and payable under Rule 11.1.

43.2 The payments due under paragraphs 2.1(A)(i) and 2.1(B)(i) shall be set off against the payments due under paragraphs 2.1(A)(ii), 2.1(B)(ii) and 2.1(C).

**Attachment 1
Form of Confirmation Statement**

CONFIRMATION STATEMENT

{Eligible ECI} (“you”)

{Address}

[Date]

Dear Sir / Madam

UK Live Events Reinsurance Scheme

Thank you for your application to participate in the UK Live Events Reinsurance Scheme (the “**Scheme**”). We are pleased to confirm that your application has been successful, subject to entering into the documentation specified below.

In order to participate in the Scheme, you will need to sign and return the Eligible ECI Contract in the form attached at Appendix 1 of this letter. This Eligible ECI Contract contains the agreement between you and the Secretary of State for Digital, Culture, Media & Sport, and incorporates the Scheme Rules, which govern the Scheme.

You also have the option to submit a Disclosure Letter, in the form set out in Appendix 2 of this letter. A draft Disclosure Letter must be submitted at least 5 Business Days prior to signing the Eligible ECI Contract (or such other period as may be agreed). This Disclosure Letter must contain any appropriate disclosures against the warranties given by you to DCMS under Rule 15 (*Warranties and Management Confirmation Letters*) of the Scheme Rules and, if in an acceptable form, will be signed on the same date as the Eligible ECI Contract.

You must also return the Management Confirmation Letters, in the form set out in Appendix 3 of this letter, along with the signed Eligible ECI Contract.

We look forward to receiving your Scheme Documents, and to welcoming you into the Scheme.

Yours faithfully,

.....

For and on behalf of

The Secretary of State for Digital, Culture, Media & Sport

Appendix 1 to the Confirmation Statement
Eligible ECI Contract

Appendix 2 to the Confirmation Statement
Agreed form Disclosure Letter

Appendix 3 to the Confirmation Statement
Agreed form Management Confirmation Letter

Attachment 2
Form of Eligible ECI Contract

DATED _____ 2021

THE SECRETARY OF STATE FOR DIGITAL, CULTURE, MEDIA & SPORT

and

{ELIGIBLE ECI}

UK LIVE EVENTS REINSURANCE SCHEME
ELIGIBLE ECI CONTRACT

Contents

[Table of Contents to be inserted]

THIS AGREEMENT is made on _____ 2021

BETWEEN:

(1) **THE SECRETARY OF STATE FOR DIGITAL, CULTURE, MEDIA & SPORT**, of 100 Parliament Street, London SW1A 2BQ ("**DCMS**");

AND

(2) **{NAME OF INSURER}**, whose registered address is at {•} (registered in *{insert jurisdiction}*) with number *{insert}*) (the "**Eligible ECI**"),

each a "**Party**" and together the "**Parties**".

WHEREAS:

- (A) DCMS has established the UK Live Events Reinsurance Scheme (the "**Scheme**"), through which DCMS will indemnify Eligible ECIs for Eligible Losses under Eligible Policies in respect of Insured Risks arising during the Scheme Period.
- (B) Pursuant to the establishment of the Scheme, DCMS established rules governing the Scheme (the "**Scheme Rules**"), which are appended to this Agreement at Schedule 2.
- (C) This Agreement is the Eligible ECI Contract between the Parties and the date of this Agreement is the "**Start Date**" for the purposes of the Scheme Rules as incorporated into this Agreement.

IT IS AGREED as follows:

1. Interpretation

Unless otherwise expressly defined in this Agreement, defined terms in this Agreement shall have the meanings provided for in the Scheme Rules and references to a "Rule", "Annex" or "Attachment" shall be to rules, annexes, and attachments contained in the Scheme Rules. References to a "clause" or a "schedule" shall be to clauses and schedules of this Agreement.

44. Agreement between the Parties

This Agreement evidences the binding agreement between DCMS and the Eligible ECI and incorporates and supplements the Scheme Rules which form part of this Agreement and shall be interpreted accordingly.

45. Scheme Terms

The Scheme Rules as incorporated into this Agreement shall be read to include the terms as defined in Schedule 1 of this Agreement.

46. Notices

The Notified Address of the Eligible ECI for the purposes of this Agreement is as set out below:

| Address | E-mail Address | Marked for the attention of: |
|----------------|-----------------------|-------------------------------------|
| {insert} | {insert} | {insert} |

47. Bank Accounts

Payments made under this Agreement by the Parties shall be made by electronic wire transfer to the relevant Party's bank account as set out below:

| Party | Account details |
|--------------|------------------------|
| DCMS | {insert} |
| Eligible ECI | {insert} |

A Party may change the bank account to which payments shall be made under this Agreement by giving written notice to the other party setting out the new bank account details.

48. Severance

Each clause of this Agreement (including each Rule as incorporated) is severable and distinct from the others and if any clause/rule is, or at any time becomes, to any extent or in any circumstances invalid, illegal or unenforceable for any reason, that clause/rule shall to that extent be deemed not to form part of this Agreement but the validity, legality and enforceability of the remaining parts of this Agreement shall not be affected or impaired, it being the Parties' intention that every clause/rule of this Agreement shall be and remain valid and enforceable to the fullest extent permitted by law.

49. Third party rights

The Parties to the Scheme Documents do not intend that any term of the Scheme Documents should be enforceable, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this agreement.

50. Entire agreement

Each Party acknowledges and agrees that:

- (A) the Scheme Documents constitute the entire agreement between the Parties and supersede any prior agreement, understanding, undertaking or arrangement between the Parties relating to the subject matter of the Scheme Documents;

- (B) by entering into the Scheme Documents, it does not rely on any statement, representation, assurance or warranty of any person (whether a party to the Scheme Documents or not and whether made in writing or not) other than as expressly set out in the Scheme Documents;
- (C) the only rights or remedies available to either of them in connection with the Scheme Documents shall be solely for breach of contract except as otherwise expressly provided for in this Agreement or the other Scheme Documents (as applicable); and
- (D) nothing in this Agreement or the Scheme Rules shall exclude or limit any liability for fraud.

51. Counterparts

- 51.1 This Agreement may be executed in any number of counterparts, and by the parties on separate counterparts, but shall not be effective until each party has executed at least one counterpart.
- 51.2 Each counterpart shall constitute an original of this Agreement, but all the counterparts shall together constitute but one and the same instrument.

52. Governing Law and Jurisdiction

- 52.1 This Agreement shall be governed by and shall be construed in accordance with the laws of England and Wales. Any matter, claim or dispute arising out of or in connection with this Agreement, contractual or non-contractual in nature, is to be governed by and determined in accordance with English law.
- 52.2 The courts of England and Wales shall have exclusive jurisdiction to settle any dispute, whether contractual or non-contractual, arising out of or in connection with this Agreement. The Eligible ECI irrevocably submits and agree to submit to the jurisdiction of the courts of England and Wales.

IN WITNESS whereof this Agreement has been executed on the day and year first above written

SIGNED by)
for and on behalf of)
{*NAME OF ELIGIBLE EC*})

SIGNED by)
for and on behalf of)
THE SECRETARY OF STATE FOR DIGITAL,)
CULTURE, MEDIA & SPORT)

Schedule 1 to the Eligible ECI Contract
Scheme Terms

| | Term | Definition |
|-----|--------------------------------|---|
| 1. | Senior Executives | means <i>{insert name}</i> and <i>{insert name}</i> . |
| 53. | Senior Representatives | means:
(i) in respect of DCMS, Marc Bryant; and
(ii) in respect of the Eligible ECI, <i>{insert name}</i> . |
| 54. | Senior Management | means:
<i>{insert names}</i> |
| 55. | Management Signatories | means:
<i>{insert names}</i> |
| 56. | Key Personnel | means:
<i>{insert names}</i> |
| 57. | Eligible ECI Utilisation Limit | means: £ <i>{insert}</i> |

Schedule 2 to the Eligible ECI Contract
Scheme Rules

Note: Attached separately

Attachment 3
Form of Disclosure Letter

DISCLOSURE LETTER

From: {Eligible ECI} (the “ECI”)

To: The Secretary of State for Digital, Culture, Media & Sport
100 Parliament Street
London
SW1A 2BQ

[Date]

Dear Sir / Madam

UK Live Events Reinsurance Scheme

We refer to the scheme rules (the “**Scheme Rules**”) related to the establishment by Her Majesty’s Government (“**HMG**”) of a UK live events reinsurance scheme involving the indemnification by HMG of certain liabilities of eligible insurers in respect of eligible events cancellation insurance policies written by insurers with respect to certain events physically located in the UK during the period from and including the Scheme Launch Date to and including the Scheme End Date, which Scheme Rules are incorporated into an Eligible ECI Contract to be entered into on or around the date of this letter between the Secretary of State for Digital, Culture, Media & Sport (“**DCMS**”) and the ECI. This letter is the Disclosure Letter referred to in Rule 15.3 of the Scheme Rules.

1. Preliminary Matters

- 57.1 This letter constitutes formal disclosure to DCMS of the facts and circumstances which are, or may be, inconsistent with the Warranties. The ECI shall not be in breach of any of the Warranties in respect of any matters which are fairly disclosed in this Disclosure Letter.
- 57.2 The disclosure of any matter or document in this letter shall not imply any representation or warranty not expressly given under the Scheme Rules, nor shall such disclosure be taken as extending the scope of the Warranties or any other provision of the Scheme Rules. The ECI accepts no other liability in contract, tort or otherwise, with respect to the contents of, or the information or material contained or referred to in this letter or the disclosed information.
- 57.3 Terms defined in the Scheme Rules shall have the same meanings in this Disclosure Letter, unless otherwise defined in this Disclosure Letter or the context otherwise requires. The principles of interpretation contained in paragraph 2 of Annex 1 (*Definitions and Interpretation*) of the Scheme Rules apply *mutatis mutandis* to this Disclosure Letter.
- 57.4 All disclosures made in or by virtue of the Disclosure Letter shall have effect in relation to each of the Warranties to which they may be relevant. Any reference to any particular Warranty is for convenience only and does not limit the application of such disclosure.

57.5 Where there are disclosed in or by virtue of this Disclosure Letter estimates, forecasts or statements of opinion as to the amount of any liability, cost or expense then, provided that such estimates, forecasts, or statements of opinion are provided in good faith, if the amount thereof shall turn out to be inaccurate, such fact shall not of itself render a disclosure unfair.

57.6 This letter is governed by and shall be construed in accordance with English law and the English courts shall have exclusive jurisdiction to settle any dispute arising out of or in connection with it.

58. General Disclosures

The following information and matters are deemed incorporated into this letter by reference by way of general disclosure:

- (A) the Scheme Rules (including its schedules) and any documents referred to in the Scheme Rules as being in the agreed form (in each case, including the including the recitals of, and each schedule, annex or attachment to, the relevant document); and
- (B) the Disclosed Information, the index of which is set out at the Schedule to this letter.

59. Specific Disclosures

The following specific disclosures are made. For convenience, each matter disclosed is listed against the paragraph number of the Warranty (contained in Annex 2 (*Eligible ECI Warranties*) of the Scheme Rules) to which the disclosure is most likely to relate. All such references are for convenience only and do not limit the application of such disclosures to other Warranties.

| Warranty Number | Disclosure |
|-----------------|------------|
| | |

Please acknowledge receipt of this letter by signing and returning to us the enclosed copy of this letter.

Yours faithfully

.....
For and on behalf of
{*Eligible ECI*}

ACKNOWLEDGEMENT TO DISCLOSURE LETTER

To: {Eligible ECI}

We acknowledge receipt of the Disclosure Letter and confirm its contents are accepted on the terms set out therein

.....

For and on behalf of
The Secretary of State for Digital, Culture, Media & Sport

Date:

Schedule to the Disclosure Letter
Index of disclosed information

Attachment 4
Form of Management Confirmation Letter

MANAGEMENT CONFIRMATION LETTER

From: The Secretary of State for Digital, Culture, Media & Sport
100 Parliament Street
London
SW1A 2BQ
("DCMS")

To: {Name of Management Personnel}
{Name of Eligible ECI}, (the "Eligible ECI")
{Address}

[Date]

Dear Sir/Madam,

UK Live Events Reinsurance Scheme

1. This letter is written in connection with the establishment by DCMS of the UK live events reinsurance scheme (the "**Scheme**"), involving the indemnification by DCMS of certain liabilities of eligible insurers ("**ECIs**") in respect of eligible events cancellation insurance policies written by ECIs with respect to certain events physically located in the UK during the period from and including the Scheme Launch Date to and including the Scheme End Date as set out in the scheme rules established by DCMS on the Scheme Launch Date (the "**Scheme Rules**").
2. Terms defined in the Scheme Rules shall have the same meanings in this letter, unless otherwise defined in this letter or the context otherwise requires. The principles of interpretation contained in paragraph 2 of Annex 1 (*Definitions and Interpretation*) of the Scheme Rules apply *mutatis mutandis* to this letter. This letter is the Management Confirmation Letter referred to in Rule 15.7 of the Scheme Rules.
60. We refer to the Eligible ECI Contract entered into between the Eligible ECI and DCMS dated on or around the date of this letter. In connection with the Scheme and as required by the Eligible ECI Contract, we request that you make the following confirmation (having the legal status set out in paragraph 4 below).

"I, the undersigned, being the {insert title} of the Eligible ECI, confirm that, as far as I am aware, subject to the disclosures made by the Eligible ECI in the disclosure letter dated on or about the date of this confirmation, the warranties given by the Eligible ECI in Rule 15 (*Warranties and Management Confirmation Letters*) of the Scheme Rules are true and not misleading and no information has been knowingly withheld from DCMS or any of its professional advisers which could materially impact the ability of DCMS to make an informed and accurate assessment of the terms of the Scheme and the Eligible ECI's application to join the Scheme."

61. DCMS acknowledges and agrees that (i) the above confirmations are to be given without liability on the part of the signee, save for liability arising as a result of fraud, dishonesty or wilful concealment of the signee and (ii) the reference to the signee's awareness in paragraph 3 above is to the actual knowledge of the signee having made all reasonable enquiries of Key Personnel as defined in the Eligible ECI Contract.

Please sign and return the enclosed copy of this letter if you agree to make this confirmation on the basis set out in this letter.

Yours faithfully,

For and on behalf of

THE SECRETARY OF STATE FOR DIGITAL, CULTURE, MEDIA & SPORT

ACKNOWLEDGEMENT TO MANAGEMENT CONFIRMATION LETTER

To: The Secretary of State for Digital, Culture, Media & Sport
100 Parliament Street
London
SW1A 2BQ

I acknowledge receipt of the Management Confirmation Letter and as agreed with you I give the following confirmation without liability on my part, save for liability arising as a result of fraud, dishonesty or wilful concealment. References to my awareness are to my actual knowledge having made all reasonable enquiries of Key Personnel as defined in the Eligible ECI Contract.

I, the undersigned, being the *{insert title}* of the Eligible ECI, confirm that, as far as I am aware, subject to the disclosures made by the Eligible ECI in the disclosure letter dated on or about the date of this confirmation, the warranties given by the Eligible ECI in Rule 15 (*Warranties and Management Confirmation Letters*) of the Scheme Rules are true and not misleading and no information has been knowingly withheld from DCMS or any of its professional advisers which could materially impact the ability of DCMS to make an informed and accurate assessment of the terms of the Scheme and the Eligible ECI's application to join the Scheme.

.....

{Name of Management Personnel}

Date:

Attachment 5
Form of Scheme Application

UK LIVE EVENTS REINSURANCE SCHEME
SCHEME APPLICATION

1. Introduction

This application form (“**Scheme Application**”) is for insurance firms, managing agents and managing general agents wishing to participate in the UK Live Events Reinsurance Scheme (the “**Scheme**”) established by The Secretary of State for Digital, Culture, Media & Sport (“**DCMS**”) under rules first published on 22 September 2021 (the “**Scheme Rules**”).

Scheme Applications, and all required accompanying documentation, must be submitted to DCMS in full by 5:30 p.m. on 22 July 2022 (the “**Scheme Application Deadline**”). DCMS may request additional information from an applicant where necessary to confirm an applicant’s eligibility under the Scheme Rules. All Scheme Applications will be dealt with according to the Scheme Rules.

62. Definitions and interpretation

Unless otherwise expressly defined in this Scheme Application, defined terms in this Scheme Application shall have the meanings provided for in the Scheme Rules.

63. General

63.1 Name of applicant: _____ (the “**Applicant**”)

63.2 Applicant’s company or branch registration number: _____

63.3 For Applicants that are branches, name and registration number of company that such branch forms part: _____

63.4 Place of incorporation: _____

63.5 Address of Applicant’s registered office: _____

63.6 Name of Applicant’s ultimate parent company (if applicable): _____

63.7 Contact details for response and for requesting any additional information should it be required (if different to those used in submission of this Scheme Application):

(A) Name: _____

(B) Job title: _____

(C) Email: _____

(D) Phone: _____

63.8 Non-binding indication of the level of capacity that the Applicant expects to provide under the Scheme, provided for information only: £ _____

64. UK Authorisations

Please provide the following:

- (A) details of all regulators, regulatory bodies and other organisations and trade associations of which the Applicant is a member or to whose jurisdiction it is subject (whether in the UK or overseas);
- (B) a list, with copies attached, of all regulatory authorisations, permits, licences, consents, permissions, approvals, waivers and exemptions upon which the Applicant relies to carry on Reinsured Business in the UK in compliance with applicable law and regulation, together with details of any conditions attaching thereto;
- (C) details of any such authorisation, permit, licence, consent, permission, approval, waiver or exemption which has been or which, so far as the Applicant is aware, may be suspended, varied, revoked or not renewed, or which is currently the subject of administrative, regulatory or judicial proceedings; and
- (D) details of any pending regulatory authorisations, permits, licences, consents, permissions or approvals upon which the Applicant will rely to carry on Reinsured Business in the UK in compliance with applicable law and regulation.

65. Customer Due Diligence

Please provide the following:

- (A) a photocopy of the Applicant's certificate of incorporation;
- (B) a list of directors of the Applicant;
- (C) photocopies of the national identity cards or passports of the Applicant's senior management team;
- (D) a list of any individuals (i.e. natural rather than legal persons) who:
 - (i) ultimately own (directly or indirectly) 25% or more of the issued equity share capital of (or voting rights in) the Applicant (or confirmation that, insofar as you are aware, there are no such individuals); and
 - (ii) who otherwise exercise control over the management of the Applicant (or confirmation that, insofar as you are aware, there are no such individuals); and
- (E) a structure chart showing all material entities within the Applicant's group.

66. Managing Agents: additional information

This section only applies if you are a Managing Agent.

Please provide a copy of the management agreement with the relevant Lloyd's syndicate members who will be bound by the terms of the Scheme.

67. Managing General Agents: additional information

This section only applies if you are a Managing General Agent.

Please provide evidence to demonstrate that you have sufficient authority under the binders that you have in place with the relevant Eligible ECIs to bind those insurers to the terms of the Scheme and to administrate, on their behalf, their involvement in the Scheme.

I/We confirm to DCMS that all the answers and information I/we have given here are true, complete and accurate, and that I/we have provided all documents and other information requested to be provided by this Scheme Application.

.....
For and on behalf of the Applicant

Name

Title

Date

Attachment 6
Form of Model Policy Wording

[Attached separately]