
BREXIT: WHAT DOES IT MEAN FOR YOU?



With Less than 200 days until B-Day, what should you be doing to safeguard your business and personal plans from a ‘No Deal’?

Whilst we are yet to conclude negotiations on what ‘Brexit’ will look like, it is undoubted that 23rd June 2016 will go down in British history as a historic occasion; good or bad is yet to be seen.

The UK is set to leave the European Union at 11pm on 29th March 2019 or B-Day as it is colloquially known. This date is causing more 'heat and light' than information necessary for effective planning.

“On B-Day one of two possibilities will occur; either we will have agreed final terms for Brexit or we won’t”

In order to agree a deal, the Prime Minister needs to get agreement from both Houses of Parliament, and at least 20, of the remaining 27, EU Members. The current deal, The Chequers Plan, has received recent criticism from within the UK and from Donald Tusk, the European Council President.

If an agreement, whether Chequers or otherwise, passes through Parliament **and** is agreed by the EU before or on B-Day, a transitional period will begin, giving people and businesses time to prepare.

The transitional arrangements will end on 31st December 2020, giving a 21-month period to settle the dust, strategise and re-work business and personal practices.

In the absence of any agreement from either Parliament or the EU, on a deal or extended period for negotiations, as of 11pm on B-Day, Britain will cease to be a member of the EU.

What does this mean?

In theory, it means that everything crossing a border, people, services and goods, will be subject to different rules overnight. The World Trade Organisation Rules¹ (WTOR), currently used for trade outside the EU, will kick in, hard borders will spring up and customs duties and taxes will become the norm.

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There is likely to be a period of financial unpredictability and it will affect every individual and organisation differently.

¹ The WTOR are a complex set of agreements providing legal ground rules for international commerce. https://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm2_e.htm

There is no unanimity on what will happen, who it will affect or how, but there is much frenzied speculation and ineffectual noise urging us to be 'Brexit Ready'. The lack of definition for what 'Brexit' looks like, means, by default, this is an impossible task.

That being said, success doesn't come from blind acceptance of consequence, but from strategic foresight and proactive common sense. This, you will note, is very different from frenzied aimless preparation.

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So what can you do?

1. Keep your ears open; it is likely that we be able to gauge whether a deal will be reached the closer we get to B-day.

2. Consider your travel plans; if journeying to Europe in the immediate aftermath of B-day; what contingency do you have in place (time, money, travel insurance covering medical needs).

3. Assess your business staffing requirements; how many employees will be affected by Brexit? What is the worst case scenario and can your company cope?

4. Assess your cash flow; how will you be affected by import duty and VAT? Do you need to hold additional inventory as insurance against border delays? How much does your company rely on EU income?

5. Plan out your supply chain; beneficial agreements of non-tariff barriers² may no longer be available to the UK and, as a result, goods imported from outside the EU to the UK and 'sold' in the EU, will face additional customs and compliance measures. Similarly the EU's exports to the UK will be affected.

Consort will be monitoring the subject of Brexit as it develops over the coming months and will updating clients as to how this is affecting the insurance market.

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² <https://voxeu.org/article/impact-non-tariff-barriers-eu-goods-trade-after-brexit>