



Election result may be a boost for insurers of highly regulated products

13 June 2017

The political uncertainty following last week's general election could in fact be good news for insurers of heavily regulated products, such as medical devices.

Whether or not the UK leaves the single market is pivotal to predicting which regulations will apply to British manufacturers from 2019 (when time runs out on reaching a deal with the EU over Brexit). The single market is the EU's guiding principle, the idea that prosperity is driven by breaking down regulatory barriers to trade. In practice it means that if you manufacture a medical device in the UK, you can sell it to any EU country without further checks. Membership of the single market carries that benefit but means that UK companies must comply with EU-wide regulations.

The 2017 Medical Devices regulations, approved in April this year, are a case in point. The regulations are the result of five years' work at EU level, with the stated intent to widen the scope of the existing regulations that date from the 1990s and bring them into line with modern practices, such as over manufacturing standards, inspections and vigilance procedures. The regulations therefore reduce the risks associated with some medical products. This makes underwriting such products more appealing.

On 8 June as the country went to the polls some were expecting that the UK would leave the single market in 2019 so that EU regulations concerning the manufacture and sale of products, including medical products, could be repealed. As we await developments following the election, it seems that a soft Brexit is more likely. Parliament may now coalesce around a plan that involves staying in the single market.

The outline of the Government's plan for Brexit will take shape in the coming days. Initial talks start in Brussels next week and the Government intends to publish its plans for the so-called "Great Repeal Bill" the same day. That Bill will set out how EU laws, of which there are estimated to have been 52,000 affecting the UK since 1990, will be transferred onto the UK statute book.

The message from business leaders is that they are in favour of the UK staying in the single market. The alternative, a hard Brexit, would see British regulations diverging from EU standards. A hard Brexit could be taken as an opportunity to cut "red tape" and reduce

Any comments or queries?

Peter Rudd-Clarke
Senior Associate

+44 20 3060 6535

peter.rudd-clarke@rpc.co.uk

the regulatory burden, perhaps in a bid to reduce costs to compensate for the effects that a hard Brexit might have on the economy. The flip side is that products would be subject to lighter scrutiny from regulators and so might present more of a risk.

As we wait to see what form of Brexit will follow last week's general election, the signs are that the UK is more likely to remain in the single market. That would mean UK manufacturers remaining subject to EU regulations, such as the 2017 Medical Devices regulations. Insurers should welcome this.

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