

Guernsey

Guernsey is well known for innovation in offshore insurance. The island pioneered the cell company concept by introducing the protected cell company and, more recently, introduced insurance-linked securities and pension longevity structures.

The island's captive insurance expertise is well regarded, with both the China Captive Alliance and the government of Kashgar—the dedicated centre for China's growing captive insurance sector—signing memorandums of understanding with Guernsey during 2016.

Guernsey's close proximity to the UK and mainland Europe, being in the same timezone as the UK, and not being a member of the EU, put the domicile at an advantage. Being outside the EU means Guernsey has maintained a solvency regime that is fully compliant with the International Association of Insurance Supervisors, rather than being required to implement directives such as Solvency II.

Importantly, Guernsey has always possessed the size and momentum of business to enable the employment of a large number of professionals within the captive management insurance sphere. This means that Guernsey has retained the highest quality of individuals at every firm on the island, from insurance managers, to accountants, company secretaries, actuaries and lawyers.

In Guernsey, captives are defined as a life or general insurance or reinsurance entity created and owned, directly or indirectly, by one or more industrial, commercial or financial entities or associations, the purpose of which is to provide insurance or reinsurance cover for risks (other than commercial insurance risks) of the entity or entities to which it belongs, or for entities connected to those entities.

Captives may be structured as companies, protected cell companies or incorporated cell companies and their respective cells.

Licensing and regulatory requirements are set under the Insurance Business (Bailiwick of Guernsey) Law of 2002. The Guernsey Financial Services Commission assesses licence applications and business plans based on applicants' ability to meet minimum statutory licensing criteria, including fitness and propriety of applicant, integrity and governance.

Captives are designated as a Category 5 insurer under the Insurance Business (Solvency) Rules of 2015 and are subject to a standardised risk-based solvency requirement calibrated such that there is a 90 percent confidence level that there is sufficient capital to meet obligations over the next 12 months.

More information on captive insurance in Guernsey can be found at www.weareguernsey.com.

