



29 January 2009

Guernsey insurance industry grows in 08 / plans for more in 09

The number of international insurance entities domiciled in Guernsey reached 714 at the end of December 2008 – up from 708 at the same time 12 months earlier.

The main growth comes in the number Protected Cell Companies (PCCs), Incorporated Cell Companies (ICCs) and their related cells.

“We are very pleased to have recorded this growth given our maturity as a captive insurance domicile, increased competition from other jurisdictions and the soft market conditions that have been prevailing,” said Dominic Wheatley, Deputy Chairman of the Guernsey Insurance Companies Management Association (GICMA).

“However, I believe we can build on this much further during 2009. The commercial market will begin to increase premiums during this year as the changed economic picture means insurers find capital more expensive and investment income harder to come by. Indeed there are already clear signs of a hardening of premium rates in a number of critical corporate insurance markets. At the same time there is likely to be a heightened perception of the risks associated with relying totally on the commercial market for primary insurance given the failures or near-failures of some very large insurers.

“These developments increase the attractiveness of risk financing alternatives such as captives. This is in addition to ‘traditional’ benefits of captives such as the retention of premiums within the group and the potential for its return to the parent (as well as investment income) should there be no claims.

“All of these factors are developing apace but underwriters often become less willing to cooperate in the engagement of a captive in corporate insurance programmes as the market hardens. In short, now is the time to establish a captive.”

Figures from the Guernsey Financial Services Commission (GFSC) show that there were 370 international insurers and 344 PCC cells licensed in the jurisdiction at the end of December 2008.

Guernsey’s international insurance industry has gross assets of £18.5bn, a net worth of £6.5bn and writes premiums of £3bn.

The Island retains its place as the leading captive domicile in Europe by numbers of entities and is fourth in the world in terms of premiums written.

Peter Niven, Chief Executive of Guernsey Finance, said: “Guernsey is ready to use its position as a leading captive domicile to take full advantage of the way in which the changed market conditions make the concept more attractive at present than anytime in the last five years. We will be pushing out the captive messages loud and clear to our key UK and European markets that not only is now the time to consider a captive but that Guernsey’s experience, expertise and innovation make the Island the best choice of domicile.”

Release Ends