

## Where European Reinsurance and Capital Markets Converge

**Guernsey is a long established and highly regarded international finance centre close to the major reinsurance and capital markets. The Island offers access to capital, significant expertise and a sound and proven regulatory environment. It provides an excellent environment for Special Purpose Vehicles (SPVs) of all types, including sidecars and transformers.**

**Bermuda has long been the benchmark jurisdiction for offshore reinsurance and has attracted many start-up reinsurance operations. However, this success is putting pressure on resources and consequently driving up operating costs. In this context, Guernsey is an increasingly competitive domicile for reinsurance operations, either as a European base or a direct alternative to Bermuda:**

**Finance business** – Guernsey is a world-class provider of financial products and services such as banking, investment funds, investment management and fiduciary services, as well as international insurance and reinsurance company management.

**Insurance and Reinsurance** – There are more than 650 international insurance and reinsurance entities in Guernsey and significant insurance and reinsurance organisations have a presence in the Island, including Barbican Syndicate, Canopus, Catlin, Generali, Hanover Re and Hiscox, to name just a few.

**Regulation** – The Guernsey Financial Services Commission (GFSC) supervises the insurance and reinsurance sector through a risk based approach that is tailored to the type of business that is handled on the Island. Guernsey has adopted the core principles of the International Association of Insurance Supervisors (IAIS) and is an active member – the Director General of the GFSC sits on the Executive Committee. Visit [www.gfsc.gg](http://www.gfsc.gg) for more information.

**Taxation** – Guernsey tax matters relevant to the operation of an insurance or reinsurance company can be summarised as: Corporate income tax – zero rated; No value added tax; No capital gains tax; No payroll tax; No special rulings on income arising on passive income (unlike Ireland); Employers pay Social Insurance on payroll capped at a rate of 6.5% on a maximum salary of £125,268 per employee.

**Company Law & Company Registry** – Guernsey has a very modern Company Law as well as a highly competitive Registry. The Registry is utilising cutting edge online technology to provide users with incorporations in 15 minutes and prices starting from £100 whilst maintaining the Island's hallmark of personalised service. Visit [www.guernseyregistry.com](http://www.guernseyregistry.com) for more information.

**Insurance Law** – The law applicable to insurers and reinsurers is the Insurance Business (Bailiwick of Guernsey) Law, 2002, (as amended). Guernsey first introduced insurance law in 1986. In 2008 the Island completed a thorough review and made several changes to maintain the tradition of having modern insurance legislation.

**The Channel Islands Stock Exchange (CISX)** – There are now more than 4,200 securities listed on the CISX. Over half are domiciled outside of the Channel Islands and more than 200 international insurers from some 25 countries use the exchange for the listing and trading of their securities.

**Audit and Accounting Practice** – All regulated insurance companies are required by the Insurance Business Law to have an independent audit on an annual basis. Guernsey Company Law does not prescribe a specific accounting or auditing framework. This flexibility enables subsidiaries to have the same reporting framework as its parent, whether IFRS or UK GAAP for example.

**Constitutional Status** – Guernsey is a British Crown Dependency. It has over 800 years of self government and is legislatively and fiscally independent of the UK. The Island's links to the UK are through the Crown rather than the British Government. Neither is Guernsey part of the European Union so EU rules and directives do not apply unless voluntarily enacted.

**Establishing and Operating** – Guernsey hosts numerous licensed insurance managers that range from international players to independent, boutique operators offering insurance management services to all manner of insurance vehicles including reinsurance subsidiaries, sidecars, transformers, captives and Special Purpose Vehicles (SPVs) used in a wide range of Insurance Linked Securities (ILS) transactions.