



11 May 2009

Guernsey seminar proves catalyst for captive interest

Insurance buyers and intermediaries have stepped up their interest in using captives as a result of attending last week's Guernsey seminar 'Captive insurance – beat the trend'.

The event saw insurance industry experts from Guernsey and the UK tell a London audience why there is no better time to establish a captive and the extensive opportunities that exist in the Island – the leading captive domicile in Europe.

"This seminar was designed to capitalise on the evolving market conditions and from the attendance figures and the response we received it has certainly been a major success," said Peter Niven, Chief Executive of Guernsey Finance – the promotional agency for the Island's finance industry.

"Our service providers have seen an increasing number of inquiries about captives in the past few months because of changing conditions in the commercial market, not least the hardening of premium rates. This attitude was reflected in the number and quality of insurance buyers and intermediaries that attended the seminar. The feedback that we received was also very positive. Many of the attendees spoke of how this event has inspired them to look much more closely at using captives in the future."

Lee Banks of Towergate Risk Solutions, a retail broker in the bus, coach and haulage sectors, said: "I had come across captives but I didn't know much about them, although I have been involved in some unconventional deals. The event was very informative and I will be delving into it more as I think it could certainly benefit some of my clients."

The seminar took place last Thursday (7 May) at the Grange City Hotel in Coopers Row. The expert panel comprised: Alan Fleming, AIRMIC; Callum Beaton, Callum Beaton Insurance Consulting; Jeff Soar, Ernst & Young; and Peter Child, Heritage Insurance Management.

Mr Child said: "The audience was the right mix; several practitioners from Guernsey and a good number of insurance professionals from the UK with some people potentially considering the services Guernsey has to offer, which is an absolute result as far as I am concerned."

The panel examined the concept of captive insurance and its 'traditional' benefits 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. There was then analysis of how the impact of the credit crunch on the commercial insurance market is making captives even more attractive and how acting now will provide maximum gain.

In addition, they also looked at how planned changes by the UK to its Controlled Foreign Company (CFC) and Acceptable Distribution Policy (ADP) rules will affect captives and the potential for mitigating the impact through the use of cell companies.

Marc Yana, AIG, said: "We are doing a lot of fronting for the captive industry and we manage the exit strategy for the captives. We are interested in how the market develops and this was a good way to maintain connection with the Guernsey managers. I was interested in the changes to the way in which captives can benefit in the tax area."

Mr Niven added: "A great breadth of finance business is carried out in Guernsey so while the global downturn is adversely impacting flows within some sectors, others are seeing an upswing or have identified new prospects. One of the clearest opportunities is within captive insurance. This seminar is part of ongoing efforts to get out these positive messages to key decision makers so that Guernsey can continue to draw in new business flows in what are otherwise difficult times."

Release Ends