



CAYMAN ISLANDS MONETARY AUTHORITY

PRESS RELEASE

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Cayman Islands Continues Captive Market Growth *Formations Up 93 Percent*

(Grand Cayman- 28 October 2011) Third quarter figures from the Cayman Islands Monetary Authority (CIMA) show the continued resilience of Cayman's captive insurance sector. CIMA licensed 29 captive insurance companies in the first nine months of 2011, 14 more than during the same period in 2010. The total number of captives in the jurisdiction at 30 September 2011 stood at 730.

Demonstrating a new benchmark, total premiums as at 30 September were reported at US\$9.6 billion, the highest recorded in CIMA's history. This compares to US\$8.6 billion as at 31 December 2010 (12% increase). Total assets, as of 30 September 2011, were reported at US\$58.3 billion, compared to US\$57.9 billion as at 31 December 2010.

CIMA's Managing Director, Mrs. Cindy Scotland, commented: "This 93% increase in captive formations and close to \$10 billion in premiums are indicators of the health of our captive insurance industry, despite the generally soft international insurance market conditions. In all of 2010 there were 25 new captives formed, so for our 2011 numbers to already be at 29, and with new applications pending, we anticipate this calendar year to reflect significant growth in new captives."

The total number of captives at 30 September 2011 is one more than the 729 at September 2010. And, although it is eight less than the 738 active at 31 December 2010 (due to licence termination of companies in liquidation since 2009 and 2010 but not dissolved until 2011, and to special purpose vehicles completing their one-year policy cycle), the total number has increased steadily throughout 2011. At 31 March there were 720 captives, which grew to 725 at 30 June, before reaching 730 at 30 September.

A captive is an insurance company formed and owned by an entity or group of entities for the purpose of covering the risks of that entity or group. The Cayman Islands has continued as the leading jurisdiction for health care captives. As at September 2011, health care was the primary line of business for 256 companies (35%). Workers' compensation remained the second largest line of business with 157 companies (22%) providing this as their primary type of risk insured.

The 730 class B (i.e., captive) licensees active as at 30 September comprise the following: 418 pure captives (57%), 120 segregated portfolio companies (16%), 75 group captives (10%), 51 association captives (7%), 34 special purpose vehicles (5%), 31 open market insurers (4%) and one rent-a-captive. The 120 segregated portfolio companies comprise a total of 634 active segregated portfolios.

The Cayman Islands captive insurance industry is composed mainly of companies insuring risks in North America. Premiums originating from North America accounted for 84% of the Cayman market, followed by Europe at 3%, Caribbean and Latin America at 2%, and the remaining global market at 11%. In terms of captive numbers, North America accounts for 90% of the Cayman market, followed by Caribbean and Latin America at 3%, Europe at 2%, and the remaining global market at 5%.