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Guernsey sees 50%+ rise in insurance licenses issued

The number of insurance licenses issued in Guernsey last year rose more than 50% compared to the previous 12 months.

Figures show that the Guernsey Financial Services Commission (GFSC) licensed 72 international insurers during 2011, which is a 53% increase from the 47 approved during 2010.

This has helped push the net number of international insurance entities licensed in Guernsey up by 12, from 675 at the end of 2010 to 687 at the close of 2011.

Fiona Le Poidevin, Deputy Chief Executive of Guernsey Finance – the promotional agency for the Island's finance industry, said: "The latest figures show that there have been far more licenses issued during 2011 than the immediately preceding years and this is across the range of entities from conventional captive insurance companies, PCCs [Protected Cell Companies], ICCs [Incorporated Cell Companies] and in particular, PCC and ICC cells.

"These additions significantly outweigh the number of surrenders during the same period and we are aware of several more entities which are being licensed during the very early part of 2012. These developments are expected to see the value of our international insurance sector rise yet further from the current strong position reached through growth in recent years.

"The new figures cement Guernsey's status as the largest captive insurance domicile in Europe and among the top four the world. This is a message we are keen to reinforce as we continue to promote Guernsey's risk management credentials to both London and wider introducer markets during 2012."

The figures show that during 2011 there were 72 new international insurance licenses issued in Guernsey, comprising 6 companies, 12 PCCs, 40 PCC cells, 1 ICC, 7 ICC cells and 6 life policy cells.

This meant that at the end of December 2011 the net total number of licensed international insurance entities stood at 687, made up of 255 companies, 68 PCCs, 267 PCC cells, 5 ICCs, 15 ICC cells and 77 life policy cells.

Towards the end of 2011 there has been notable media interest in two particular new schemes with links to Guernsey. Broking firm Acumus has launched the Guernsey-based Igloo Insurance PCC Limited. Three UK housing associations have joined the scheme by taking cells in the PCC to insure property risks while avoiding market volatility and a number of other associations are expected to join during 2012. It is managed by Heritage Insurance Management Limited.

The Jardine Lloyd Thompson Group (JLT) has announced that its Guernsey office will play a key role in a new mortgage indemnity insurance scheme being introduced in the UK. The Home Builders Federation (HBF) and the Council of Mortgage Lenders (CML) have created the scheme, which will see mortgages on new build homes underwritten by house builders and the UK Government. By insuring the risk of default losses, the scheme allows lenders to offer 95% loan to value (LTV) mortgages on new homes.

Martin Le Pelley, Chairman of the Guernsey International Insurance Association (GIIA), said: "It is extremely encouraging for Guernsey's insurance market that we are seeing such positive trends at a time when an economic and political storm is engulfing the rest of Europe.

"In fact, the uncertainty created by the credit crunch and subsequent recession emphasise how important proper risk management is within companies operating in the European market and elsewhere. Guernsey has been well-placed to assist companies in this regard due to our breadth of experience and reputation for quality.

"As a result of the decision not to seek equivalence with the proposed European regulatory regime, Solvency II, our internationally compliant insurance regulations continue to provide the local industry and also our current and potential clients with certainty and clarity regarding the regulation of insurance business in Guernsey. This has, no doubt, contributed to the growth of the market during 2011."

GFSC information shows that 63% of licenses issued in 2011 were to entities with parents in the UK but there was also new business from other parts of Europe, North America, the Caribbean and Asia.

The GFSC has also released data for 2010 which shows that the Guernsey international insurance industry had gross assets of £21.4 billion, a net worth of £8.5 billion and premiums written totalling £4.1 billion.

Release Ends