



# CAYMAN ISLANDS MONETARY AUTHORITY

## **MEDIA RELEASE**

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## **CIMA: After Strong Year of Cayman Captive Formations, Good Potential for Growth in 2012**

(Grand Cayman - Friday, 3 February 2012) Following the licensing of 38 new captive insurance companies during 2011 and a good start in 2012, the Cayman Islands Monetary Authority (CIMA) anticipates net growth in the sector this year.

"While conditions in the international marketplace have been challenging to the formation of captives over the past several years, there continues to be solid interest in the Cayman Islands that translated into a 52% increase in captive formations in this jurisdiction in 2011," said CIMA's Managing Director, Mrs. Cindy Scotland.

CIMA ended 2011 with 739 captives and 632 segregated portfolios. Cayman continued as the leading jurisdiction for health care captives. This was the primary line of business for 256 companies (35% of the total). Workers' compensation remained the second largest line of business with 161 companies (22%) providing this as their primary type of risk insured. The 739 active captives as at 31 December comprise the following: 419 pure captives (57%), 124 segregated portfolio companies (17%), 75 group captives (10%), 52 association captives (7%), 36 special purpose vehicles (5%), 32 open market insurers (4%) and one rent-a-captive.

This year has begun with promise. For the first month of 2012 CIMA's Insurance Division processed five new captive licence applications and in the first week of February another four applications were in initial stages of processing.

Globally, the captive market has been soft. Among the factors that have placed a downward pressure on captive formation across jurisdictions since the credit crisis have been the generally low investment returns for all types of investments and fears of another recession, coupled with the availability of commercial insurance at very low rates.

Mr. Gordon Rowell, Head of Insurance at CIMA, commented: "In some cases this has dampened corporate sponsors' motivation to take on the expense of setting up a captive in order to self-insure. Nevertheless, industry players know the value of captives as a major part of organisations' risk management strategy. The industry has established a track record for robust risk management and in recent years captives and insurance managers have been quite efficient at maximising value despite the soft market.

"Given these factors, captive sponsors are seeking the greatest efficiencies and the choice of domicile for a captive becomes critical in achieving this value," Mrs. Scotland added. "The Cayman Islands has fared well because of a number of advantages. Captive participants have told us that in addition to the expertise of local service providers who have built up specialisation, especially in the area of health care captive structuring, the jurisdiction is very cost competitive, the process for establishment of the captive is efficient, and the legislative and regulatory framework is stable and robust."

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