

Insurance opportunities

Reinsurance and Insurance Linked Securities



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By **Richard Packman** *Managing Director, Heritage Insurance Limited; Chairman, Jersey International Insurance Association*

The ability and ease to transact international insurance business in Jersey have been advanced of late by a number of developments. Jersey has long since considered itself an ideal jurisdiction for the establishment and management of insurance structures, but could perhaps be seen as guilty of not capitalising on the numerous benefits of transacting this form of offshore financial services business.

Jersey International Insurance Association

Recently Jersey's practitioners have been working to develop the insurance sector to take advantage of the opportunities that are seen to exist in the insurance arena, be they with captive insurance structures, reinsurance business or alternative risk transfer mechanisms (involving the capital markets). To recognise and develop Jersey's insurance sector, a number of leading firms have now formed the Jersey International Insurance Association (JIIA). Working with Jersey Finance, this body will represent and promote the interests of Jersey's offshore insurance industry. The JIIA is also intended to be a voice for the industry with government, the Regulator and other external bodies.

Reinsurance

Jersey is viewed as an ideal location for reinsurers who may be considering re-domiciling their existing operation or perhaps establishing a subsidiary. With its close proximity to London and Europe, its central time zone, and excellent travel and communication links, Jersey can consider itself a competitor to jurisdictions such as Bermuda. Indeed, with Jersey's business links into the GCC, India and China,

it can provide a more accessible place for business from these regions. Jersey welcomes entrepreneurs: the housing laws can make possible the relocation of principals (and their families) and a very appealing lifestyle and excellent educational facilities are on offer.

At the time of writing, it would appear that Jersey's decision will be not to seek Solvency II equivalence, as it is considered that this position will not present a barrier to transacting insurance-related business in Jersey. On the contrary, it may open up new opportunities.

Insurance Linked Securities

As an extension of 'conventional' reinsurance business, other opportunities exist for the development of the securitisation of insurance risks. Jersey is well known for its abilities and expertise in structured finance products and securitisations and, as its insurance sector develops, opportunities exist for insurance linked securities. As the world changes and catastrophic weather related events occur (for example earthquakes, tsunamis and hurricanes), additional (re)insurance capacity and/or alternative forms of reinsurance protection are sought. The convergence of the capital and insurance markets in recent years has developed vehicles such as Catastrophe Bonds, 'Transformers' and 'Sidecars', and Jersey is a perfect location for establishing and managing these vehicles. As well as the reasons for doing business in Jersey that have already been mentioned, the intellectual property and legislative framework also exists and Jersey can move quickly to provide these insurance solutions. ■

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