

APPLEBY

INSURANCE & REINSURANCE





## ABOUT APPLEBY

APPLEBY IS ONE OF THE WORLD'S LEADING INTERNATIONAL LAW FIRMS. OUR GLOBAL TEAMS OF LEGAL SPECIALISTS ADVISE PUBLIC AND PRIVATE COMPANIES, FINANCIAL INSTITUTIONS AND PRIVATE INDIVIDUALS.

We are a full-service law firm providing comprehensive, expert advice and services across corporate, dispute resolution, property, regulatory and private client and trusts practice areas. We work with our clients to achieve practical solutions whether from a single location or across multiple jurisdictions.

Through Appleby Global Services, Appleby provides a range of administration, reporting and fiduciary services focused on corporate structures. Our dedicated teams of experienced professionals work closely with our legal specialists to provide our clients with an integrated legal and corporate administration offering.

We have offices in ten highly regarded, well-regulated global locations, operating in nine and practicing the laws of eight jurisdictions. Our office locations include the key offshore jurisdictions of Bermuda, the British Virgin Islands, the Cayman Islands, Guernsey, Isle of Man, Jersey, Mauritius, and the Seychelles, as well as the international financial centres of Hong Kong and Shanghai.

Our global presence enables us to provide comprehensive, multi-jurisdictional legal advice at the times most beneficial to our clients.



**“Appleby is a firm that you can put your complete trust in to find a solution”**

– Legal 500



**“Appleby provides an unmatched service in terms of responsiveness, always delivering a high-quality product, and on time.”**

– Chambers & Partners



## INSURANCE AND REINSURANCE AT APPLEBY

THE GLOBAL RE/INSURANCE INDUSTRY IS DYNAMIC AND EVER-SHIFTING, RESPONDING TO EMERGING AND EXISTING CHALLENGES OVER THE YEARS INCLUDING MAJOR CATASTROPHE LOSSES, VARYING RISK APPETITES, VOLATILE INVESTMENT MARKETS AND CHANGES TO REGULATORY PRACTICES.

Re/insurance companies seeking greater strategic value in order to meet their growth objectives in this continually evolving climate have found suitable partners working with our team of specialists.

Our Insurance & Reinsurance practice specialises in advising on the establishment, regulatory compliance and business operations of re/insurance companies, as well as re/insurance managers and brokers based in offshore jurisdictions.

Appleby's team of lawyers are based in key offshore jurisdictions that are significant players in the global re/insurance market. We are well-placed to advise clients seeking to carry out business in any of these jurisdictions or transact business with locally-based insurers.



**“Appleby has a globally renowned practice highlighted for its proficiency in non-contentious mandates spanning multiple jurisdictions”**

– Chambers & Partners



**“Appleby is an all-around excellent law firm with great experience and connections.”**

– Chambers & Partners

## BERMUDA

Bermuda boasts a distinguished history as a top-tier re/insurance hub, with roots tracing back to 1947 when a global insurance firm set up its headquarters on the island. A decade later, Bermuda became the birthplace of the world's inaugural captive insurance company.

By the mid-1980s, Bermuda's rise to prominence as a trusted global re/insurance solutions provider – and the "World's Risk Capital" – was well underway. Companies established during this period laid the foundation for today's thriving Bermuda market: the world's premier captive domicile, one of the top three global reinsurance centers alongside London and New York, and the leading market for alternative capital vehicles such as insurance-linked securities (ILS), catastrophe bonds, and other risk-transfer products.

In contemporary times, Bermuda-based re/insurance companies play an increasingly vital role on the international stage, particularly in the aftermath of the most catastrophic and costly natural disasters. As the largest provider of catastrophe reinsurance to US insurers, Bermuda has cemented its position as a key jurisdiction within the global insurance market.

According to the Association of Bermuda Insurers & Reinsurers (ABIR), the island's re/insurers have paid out over US\$400 billion to US policyholders and cedents since 1997 to the present. From 2016-2020, Bermuda's global re/insurers disbursed \$209.6 billion, \$35.2 billion, and \$29.3 billion to US, UK, and European Union policyholders and cedants, respectively, covering large catastrophes, property and casualty losses, and life insurance claims. Bermuda plays a crucial role in rebuilding communities and reinvigorating economies worldwide, while simultaneously bolstering the success and risk capacity of other re/insurance markets.

At the cutting edge of innovation, Bermuda leads in the development of alternative risk financing, particularly ILS and catastrophe bonds, with issuance increasing in 2024 by over \$1 billion to a new annual high of more than \$17.5 billion. The total cat bond market has now reached an impressive \$49.5 billion.

Bermuda has seen a substantial growth in the life re/insurance market over the past several years. A new report by the Bermuda International Long Term Insurers and Reinsurers (BILTIR) revealed that 92% of BILTIR members' rated assets under management are investment-grade, while assets held by these companies exceed their liabilities by \$231 billion. The growth of Bermuda's life insurance sector is set to continue, allowing existing companies to raise large quantities of capital and start-ups to benefit from a straightforward and streamlined licencing process geared entirely toward facilitating innovation and speed to market.

Furthermore, the Bermuda market is actively addressing climate change risk. In 2021, the Bermuda Government and industry stakeholders launched the Climate Risk Finance Initiative, seeking to leverage the island's expertise and market solutions to benefit the global economy, particularly underserved regions

lacking adequate protection. In the following year, Bermuda hosted its inaugural Climate Summit, engaging leaders across business, science, and public policy sectors in discussions on climate risk issues.

Bermuda is also embracing insurtech solutions, with the Bermuda Monetary Authority's (BMA) 2019-established Innovation Hub supporting the development, testing, and launch of cutting-edge products for insurers navigating rapidly evolving technological landscapes.

Bermuda's robust and transparent legislative and regulatory environment underpins its enduring credibility within the global re/insurance market. The island is one of only two countries to achieve full equivalence under the European Union's Solvency II Directive and one of three to hold Reciprocal Jurisdiction Status from the US National Association of Insurance Commissioners. Additionally, Bermuda is an active participant in the International Association of Insurance Supervisors, partners with over 140 jurisdictions through the Organisation for Economic Co-operation and Development's Multilateral Convention on Mutual Administrative Assistance in Tax Matters, and is recognized by the Caribbean Financial Action Task Force (CFATF) as a global leader in combating financial crime. Moreover, Bermuda is "whitelisted" by the Economic and Financial Affairs Council following efforts to enhance its regulatory framework and adherence to the EU's tax governance principles.

Appleby's specialist Insurance & Reinsurance team have developed strong partnerships with re/insurance companies seeking commercially focused advice. Our team regularly advises on the establishment, regulatory compliance and business operations of all forms of insurance vehicles. Our expertise includes advising Special Purpose Insurers, formed as issue vehicles for ILS, including collateralised reinsurance and industry loss warranties. Our lawyers have extensive first-hand experience in a wide array of insurance related matters, including mergers and acquisitions, capital raising and alternative risk transfer structures.

## CAYMAN ISLANDS

The Cayman Islands, a leading global financial centre and home to over 70% of the world's hedge funds, is the pre-eminent jurisdiction for healthcare captives representing almost one-third of all the captives worldwide. The sophisticated Cayman Islands insurance industry continues to evolve and, being predominantly US-facing with no Solvency II equivalency, has positioned itself as a leading reinsurance hub. Our specialist Insurance & Reinsurance team in the Cayman Islands provides advice on the establishment, regulatory compliance and business operations of re/insurance companies, insurance managers and brokers.

Appleby is a founding member of the Cayman International Reinsurance Companies Association (CIRCA) and a member of the Insurance Managers Association of Cayman (IMAC).

## BVI

The British Virgin Islands is one of the World's leading international financial centres with over 370,000 active companies domiciled, and with 111 registered insurance licensees and functionaries as at Q2 2022, including 48 captive insurers and 38 domestic insurers. It is one of the preferred jurisdictions for the formation of captives and caters, in particular, to medium size vehicles. The BVI Insurance Act, 2020 Revised Edition and the Insurance Regulations, 2020 Revised Edition provide an effective framework to make the BVI attractive to persons wishing to establish insurance-related business, whilst maintaining its recognition as a well-regulated jurisdiction of choice for captive insurers.

## GUERNSEY

Guernsey has retained its position as Europe's largest captive domicile with 199 captives domiciled at the end of 2023, for the second year in a row. There were four new captives formed in Guernsey last year and nine new captive cells, according to statistics from the Guernsey Financial Services Commission (GFSC).

Guernsey is also the domicile of choice for 40% of FTSE 100 companies, saving UK business almost £100 million and providing specific coverage to UK businesses according to recent research by Frontier Economics.

## HONG KONG/ASIA

Hong Kong, and Asia as a whole, has a string of growing (re)insurance business (life and non-life) and is increasingly using the offshore market for insurance and alternative risk vehicles. As at 30 June 2024, there were 157 authorised insurers in Hong Kong, of which 93 are incorporated in Hong Kong with Bermuda being the next most popular with 11 incorporated.

Offshore regions such as Guernsey and Isle of Man also appear on the list. In 2022, the total gross premiums of the Hong Kong insurance industry experienced a decrease by 7.5% to HKD538.0 billion over 2021. However, the (re) insurance business in Hong Kong is expected to grow, as insurance groups are seeking to expand their footprints in Asia and to capture opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area.

## ISLE OF MAN

The Isle of Man has a long-established insurance industry dating back over 40 years. The industry encompasses Life, Captive, and General insurance brokering. The Isle of Man's insurance sector is home to 13 authorised life insurance companies and continues to be the largest financial services sector on the Island, contributing to over 16% of the Isle of Man's economic activity. There are currently £72.5 billion in assets invested through Isle of Man Insurance companies.

## JERSEY

Jersey was the first international finance centre to introduce the concept of an incorporated cell company alongside an enhanced version of the traditional protected cell company in 2006. The Island prides itself as an increasingly attractive jurisdiction for captives, protected cell companies, incorporated cell companies, reinsurance and ILS. As of October 2022, there are 165 registered insurance companies in Jersey.

## MAURITIUS

Mauritius has one of the most developed insurance markets in the Indian Ocean region, particularly in terms of life insurance, which is well established as a conduit for organised savings in the country and is increasingly using the offshore market for insurance and alternative risk vehicles. The market is home to a range of domestic and regional insurance providers and is open to foreign insurers, making it an attractive investment environment. Both the life and the smaller non-life sector have seen steady growth in premiums over the last few years, supported by wider economic growth in the country as well as by diversification of the available product range.

The Captive Insurance Act 2015 provides for the licensing, regulation and supervision of captive insurance business in Mauritius and has led to increasing interest from captive managers and companies worldwide. At present, the Act caters for pure captive insurance business but the regulator is currently working on new Rules to allow the licensing of Third Party Captive Insurers.

## OUR SERVICES

Appleby's lawyers operate as multi-jurisdictional teams, regularly providing advice regarding:

- Establishing, regulatory compliance and business operations of commercial (re)insurance companies (life and non-life), insurance managers and brokers
- Special Purpose Insurers (SPIs), formed as issue vehicles for Insurance-Linked Securities (ILS), including collateralized reinsurance and industry loss warranties (ILWs)
- Mergers and acquisitions of insurance companies
- Capital raising (private equity and IPOs) of (re)insurers or their holding companies
- Re-domiciliation of (re)insurance companies into or out of our jurisdictions
- Longevity and other risk swaps
- Fixed and variable annuity products
- Hedge fund-owned insurance companies
- Captive and rent-a-captive programmes
- Segregated accounts and portfolio companies
- Value-added insurance wraps
- Policies and other contracts
- Governance procedures and other regulatory matters
- Protection and Indemnity (P&I) Clubs
- Mutual insurance companies
- Assignment of policies as security for financing
- Schemes of Arrangement/Transfer of insurance portfolios

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