



Penny Murray-White, founder of Caledonian Management outlines the key developments in Gibraltar's insurance industry and looks ahead to an exciting future

Passport to SUCCESS

Corporate business is very mindful of where it's putting its business right now. Everyone is on top of anti money laundering and setting proper money management controls and I think the reputation of a jurisdiction – has become paramount. With most of the corporate clients I deal with the issue of tax is not a priority. The priorities are issues such as control over capacity, access to the reinsurance market. Obviously they are still looking to maximise costs wherever possible, but what they are looking for, in addition to a well-regulated domicile is the potential of setting up a recognised EU direct writer. That's what Gibraltar can offer.

If you want to write direct into Europe it really only comes down to – Ireland and Gibraltar. They are both highly regulated and have very good reputations, but Ireland does not have protected cell legislation, so there isn't the option of setting up a cell captive writing direct. With the market in general and fronting costs still going up, or staying high clients need other options, one of which is a cell captive. There are many corporates with reinsurance captives who are dissatisfied with paying fronting fees to a risk carrier. Therefore a number are switching their

fronting facilities to a cell captive.

One of the other areas of new business is the potential for insurance companies to redomicile here. At Caledonian we have people looking to redomicile from other non-EU jurisdictions like Guernsey, and this is due to our ability to write direct into the EU. Once licensed under the EU freedom of services and the member states, where the risks are situated, have been notified, the insurer can proceed with insuring the risks direct. If the insurer wants to set up an establishment or branch in another member state, the receiving member state has the right to request comparatively in depth details on the insurer. The member state is then allowed two months within which to respond as to whether the branch may proceed.

The strong links between the public and private sector in Gibraltar continues to be one of our key strengths. There have been new faces in the Financial Services Commission (FSC) with Chris Collins taking over from Jim Costin as insurance supervisor in October 2002. And we have a new financial services commissioner, Marcus Killick who has taken over from Martin Fuggle this year. The FSC and the Government in

Gibraltar continue to be very supportive of our industry. The fact that you can get in to see them with clients and go through and discuss all areas of licensing and ongoing management, means that both sides are fully informed and the time is spent most productively.

Best year

For us at Caledonian 2002 was our best year ever, with three firsts for the 'Rock'. London & Colonial set up which is the first cell by contract life company in Gibraltar to write direct. It's a life company with a specialist annuity product for the UK market – which has UK Inland Revenue approval. We also have the first US owned captive underwriting European risk right into Europe. And most surprisingly of all we have the first Spanish owned insurance company writing direct into Spain.

There will no doubt be changes for Gibraltar in the future as the EU has issues with all its member states, especially on tax. However it has already been recognised by the EU that Gibraltar is in discussion with the commission in respect of tax issues and as Ireland negotiated a lower rate and then a competitive rate one can only expect the same level playing field for Gibraltar.