Future Developments for the Gibraltar Insurance Market
The Gibraltar Insurance Market has developed rapidly in the period since 2002 with over 60 insurers now residing here. Where does it currently stand and where is it expected to go from here? Steve Quinn, CEO of Quest Insurance Management (Gibraltar) Limited, explores further.

**Strengths**

Gibraltar’s membership of the European Union (EU) allows passporting rights in to all other EU member states.

The Financial Services Commission (FSC) as the regulator follows all European Union rules and regulations providing insurers with a level of equivalence to other jurisdictions but proportionality to the requirements of a particular business type.

Gibraltar has become a specialist centre for retail UK insurance business. Household names now include Admiral, Saga, Hastings and Zenith.

The jurisdiction has developed as a centre of excellence for Captive and Protected Cell Company (PCC) opportunities.

Strength in depth in the local market exists in the legal and accountancy fields and in the turn key service provided by the insurance manager operations locally.

Gibraltar has the ability to react quickly to meet demand. Insurance company licences can be granted in four to six month periods from start to finish.

**Weaknesses**

The growth situation is somewhat skewed by the fact that the largest five (out of the sixty plus) insurers account for approximately 80% of the total premium written.

Gibraltar is a small place and it is sometimes necessary to look off the Rock for human resources.

The FSC has only a limited pool of available resource and expertise. Areas that may well be required in the future within the FSC team are for example more experienced industry professionals and accountants.

Gibraltar is a small place, and the availability of office space is limited.

**Opportunities**

The first is tax certainty. Gibraltar is a low corporate tax environment with a rate of 10% applicable on profits earned, excluding any investment income.

Gibraltar has arguably achieved critical mass in terms of the size of the insurance market and this in itself will lead other entities here.

Gibraltar is enacting Insurance Linked Securities (ILS) legislation, and has ambitions to become the European Centre of Excellence in this field.

With its low corporate tax rate it also has the ability to become a Centre of Excellence for Run-Off opportunities. Progress has already been made in this area and it is hoped that Part VII transfers
from the United Kingdom will be possible in the near future. The existence of Protected Cell Company legislation makes it an ideal base for relevant books of business to be housed together.

**Threats**

A lack of Mind and Management, the phrase used to demonstrate that a Gibraltar insurance company has its lifeblood in Gibraltar, is a real risk. At all times the key decisions must be taken physically in Gibraltar.

Other offshore financial centres are a threat to Gibraltar. Dublin and Luxembourg tend to be expensive, whilst the Channel Islands and the Isle of Man lack the obvious benefits of the EU passport. Malta is attractive to captive insurance companies, particularly for tax reasons.

A lack of certainty on the corporate tax side is a threat - the Government of Gibraltar does not want to be labelled as a tax haven.

Solvency II is a threat to the industry in Europe and smaller insurers in Gibraltar could be impacted heavily by this.

**Current Status and Outlook**

The present position, notwithstanding some of those weaknesses and threats already mentioned, is a very positive one. The view of the FSC as the regulatory body is strong. Reports from the external regular reviews it receives are published by the FSC on its website and all to date have been favourable in their analysis of the quality of regulation.

**What does the future hold?**

There will be a concentration on quality rather than quantity. There will not be significant numbers of new insurance companies.

Niche players will continue to establish themselves in Gibraltar. Projects that sit very well in a jurisdiction that is prepared to be flexible and supportive will continue to flourish and not for reasons of a diminished quality of regulation.

In a Solvency II environment it is quite possible that acquisition activity will be seen as smaller insurers question the viability of their operations.

There has been a recent upswing in interest in insurance intermediaries (rather than risk carriers) being established in Gibraltar and this area will continue to develop.

Past performance has been impressive to date. The future should be equally as bright.
About the Author

**Steve Quinn Founder and CEO Quest Insurance Management (Gibraltar) Limited**

Steve is the inspiration behind Quest, who first identified the need for a fresh offering from the insurance management market locally. Steve occupied several City of London, senior managerial banking positions, during which time he organised funding for the establishment of a number of new businesses within the Gibraltar insurance market. Steve graduated from Southampton University with a Degree in politics. He joined Lloyds TSB on a Management Programme rising to become a local director of 8 branches in the city of London. In his last 2 years with the bank, he was the Senior Manager of Global Financial Institutions, responsible for the Insurance industry. He was a founding member of the Quest Group. Steve is an Associate Member of the Chartered Institute of Bankers.