

# Q&A: REDOMICILING TO CAYMAN

In July 2018, Barents Re announced the redomicile of the company to the Cayman Islands. Gerardo García, President and CEO, explains the objectives and benefits of the move



**W**hat prompted the Cayman Islands decision? We decided to redomicile Barents Re Reinsurance Company, Inc. to the Cayman Islands as it offers a positive long-term credit outlook, a strong legislative framework and political stability.

Whilst we established an excellent relationship with the Panamanian authorities over 22 years, the overall negative international perception of Panama as a financial services jurisdiction prompted us to investigate an alternative jurisdiction in order to maintain our reputation and credibility with clients, business partners, regulators and rating agencies.

We researched and analysed a number of jurisdictions from a feasibility perspective. After much consideration by our Board of Directors, shareholders and advisors, the Cayman Islands was selected as the preferred domicile to meet our objectives.

### What were the key reasons for choosing the Cayman Islands?

There were many factors requiring our consideration but I would summarise the key reasons as follows:

- The Cayman Islands maintains a country risk tier of 2 (low) under A.M. Best, in comparison to Panama's country risk tier of 4 (moderate).
- The Cayman Islands is an important financial centre, with good communications and general infrastructure that has helped the country become the world's fifth largest banking centre and largest

hedge and investment fund domicile with over 9,000 funds registered. As of 31 March 2018, over 720 insurance companies were registered in the Cayman Islands.

- The Cayman Islands operates a similar legal and financial framework to the UK and Europe – a region that continues to form an important part of our growth strategy. Added to this, their official language is English, which is also the official language used by Barents Re Reinsurance Company, Inc.
- Finally, the Cayman Islands is an autonomous British overseas territory which may prove to be beneficial as part of our Brexit planning.

### How will this benefit customers and business partners?

Customers and business partners will continue to receive the same high levels of expertise and service. Those with whom we spoke prior to the announcement and have spoken to since, have been unanimous in giving a very favourable reception. They believe

that our move to the Cayman Islands, with its positive reputation as a financial services jurisdiction, will provide greater reassurance for their own stakeholders.

The formal description of this move is *Redomestication by way of Continuation* i.e. the company itself has not changed but has simply redomiciled to a new jurisdiction. One of the factors we took into consideration in our decision making was the ease of moving from one jurisdiction to another from the perspective of brokers, insurance companies and other bodies with whom we do business. The Cayman Islands has proven to be an excellent choice in this regard as the transition has been very smooth indeed. One necessary change was the change in regulator, so Barents Re Reinsurance Company, Inc. is now regulated by the Cayman Islands Monetary Authority. The subsidiary company in Luxembourg, Barents Reinsurance S.A., continues to be regulated by the Commissariat aux Assurances in Luxembourg.

### What does this mean for your financial ratings?

The A.M. Best ratings of A (Excellent) Stable Outlook for both Barents Re Reinsurance Company, Inc. and Barents Reinsurance S.A. are unchanged. In fact, the Cayman Islands' long-term outlook is seen as a positive benefit in favour of the A.M. Best rating because the rating of a company is influenced by the jurisdiction where the company is established. We believe this will improve our financial outlook projections and that overall, this move represents an important and positive step in the development of Barents Re. ■

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