



CAYMAN ISLANDS
GOVERNMENT

Ministry of Financial Services
Financial Services Secretariat

Welcome Remarks for the Cayman Islands Premier

*For the Cayman Captive Forum on Wednesday, 30 November 2011
at The Ritz-Carlton Grand Cayman Resort, 8:45-8:55 a.m.*

[CHECK AGAINST DELIVERY]

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- IMAC Chairman, Clayton Price
 - IMAC Executive Committee
 - Representatives from Cayman Islands financial services industry and professional associations
 - Distinguished guests
 - Ladies and gentlemen

Good morning.

Thank you, Clayton, for your kind introduction.

It is my pleasure to welcome all of you to the 2011 Cayman Captive Forum. Government is pleased to see that so many made the time to attend.

As you know, Cayman Captive Forum is the largest ANNUAL conference held in the Cayman Islands, the largest OFFSHORE CAPTIVE conference, and it is set to become the largest CAPTIVE conference in the WORLD this year, as our registrations have surpassed the State of Vermont's Conference held earlier this year.

This is a great achievement for IMAC, the Insurance Managers Association of Cayman, who are the organisers of this event. Clayton, congratulations to you and your team for again staging this popular conference. Numbers grow from year to year because Cayman Captive provides practical educational sessions and excellent networking opportunities to domestic and international captive insurance sectors. With a track record like this, it's no wonder that the Cayman Islands Government recognises the value and importance of IMAC. Your efforts help the Cayman Islands financial services industry to continue to thrive.

And the jurisdiction's strength clearly demonstrates its credibility in the global marketplace, and suggests that it has significant potential for further growth. I'd like to provide you with a few facts about our jurisdiction, and also about the recognition that the Cayman Islands has recently received from supranational bodies.

To date in 2011, in the area of captive insurance, the Cayman Islands Monetary Authority – which regulates the sector – licensed 29 companies in our captive insurance industry. That's 14 more than during the same period in 2010. And total premiums were the highest recorded in CIMA's history at US\$9.6 billion.

This accomplishment proves that insurance managers work diligently to ensure that the Cayman Islands stay the ideal domicile for establishing insurance business.

Our present leadership position in the funds sector, which is a major source of investment for reinsurance, also makes Cayman a competitive and stable environment for reinsurers seeking a jurisdiction from which to base their global operations.

Continuing our joint efforts to expand the industry, this past May the Cayman Islands Government stood shoulder-to-shoulder with the private sector at the largest risk management conference in North America – the Risk and Insurance Management Society's (RIMS) Conference and Exhibition. In October, a delegation also attended the American Society of Healthcare Risk Management's (ASHRM) Conference and Exhibition.

But attracting business is not the only activity in which the Islands is doing well. We also are doing well in regulating the businesses that we attract, and the complementary efforts provide assurance to persons seeking to do business in an established, well regulated jurisdiction. I again mention our regulator, CIMA, led by Director Cindy Scotland. CIMA staff daily uphold Cayman's commitment to maintaining exemplary and high regulatory standards in financial services. I also note that CIMA is a regular presence at events such as RIMS and ASHRM.

Over the years, the presence of the Cayman Islands Government, and CIMA as our regulatory authority, at these events has enabled us to showcase our jurisdiction as the domicile of choice for captive insurance companies. Attendance at these events also facilitates meetings and potential new business for private sector insurance managers and CIMA. In addition, it presents an opportunity to meet with delegates of other jurisdictions and aids us in reinforcing those important relationships.

Among other notable achievements is the recognition that the Cayman Islands has received for our adherence to global regulatory and supervisory standards on international cooperation and information exchange. Cayman's cooperation standards recently were assessed as being among the world's best by the Financial Stability Board (FSB), whose membership includes the Organisation for Economic Cooperation and Development, and the Committee on the Global Financial System. The FSB stated that our adherence to international standards is "sufficiently strong" – and as you know, that's the highest assessment possible.

In September, the legal and regulatory regime in the Cayman Islands was assessed and found to be in compliance with all nine essential elements of international tax transparency and exchange of information standards, as set by the Global Forum for its Phase 1 assessments. The rapid changes introduced by the Cayman Islands since its 2010 Phase 1 report were acknowledged by the Global Forum, and was said to demonstrate Cayman's commitment to implementing international tax transparency and exchange of information standards.

So you can see that the Cayman Islands Government is doing what it can to build a strong, stable and dependable economy. With recognition from supranational bodies such as the FSB and the Global Forum, we are a country with which you can trust your investments.

The Cayman Islands also recognises the value of strengthening its relationships with international counterparts. This year, the Cayman Islands secured bilateral agreements with six countries, bringing the total number of tax information exchange agreements in place to 27. We strongly believe that these agreements will contribute positively to economic activity in the Islands.

But ladies and gentlemen, I emphasise that our success over the years has been possible because of the dedication, support, and contribution of many. To our industry partners, who deliver the high-quality service that allows us to compete and succeed globally; the CIMA regulatory team, which fulfills Cayman's commitment to adhering to the highest regulatory standards; clients, who have chosen Cayman as their domicile of choice; and key stakeholder groups who support the success of the industry: The Cayman Islands Government sincerely thanks you. We are a leading domicile for captive insurance business because of the successful partnership to which we all are committed.

You will be aware that major changes to the Insurance Law were passed in 2010 and that these amendments will come into effect once the new Regulations have been established. I am pleased to report that because of the diligent work of four private sector-led committees, feedback on the draft Regulations was recently submitted to my Ministry. The private sector has requested one final round of consultation on the proposed Regulations, a request which my Ministry will oblige. After this I will present the Regulations to Cabinet for deliberation – hopefully before the end of this year.

Once these changes are in effect, this will pave the way for new opportunities for our jurisdiction as a centre for reinsurance. In addition to a new legal and regulatory framework to support reinsurance, immigration incentives also have been proposed.

This could entail:

- ten-year work permits for senior executives;
- reduced work permit fees; and
- a streamlined process that will guarantee a fast turnaround time for processing work permit applications.

My Government also intends to enact legislation to allow segregated portfolio company insurers to be able to incorporate their cells. This development will provide a number of additional benefits for Cayman's captive industry, including the ability for cells of a segregated portfolio company insurer to be able to contract with each other and for risk pooling cells to be established.

A subcommittee of the Financial Services Legislative Committee is tasked with assisting the Government in developing suitable legislation, and its work is far well advanced. The Insurance Managers Association of the Cayman Islands has played a key role in this initiative and is well represented on the subcommittee. The subcommittee has carefully considered incorporated cell company legislation in other jurisdictions. It is likely that the model which the Cayman Islands will adopt will vary in technical form, but not in substance, from the legislation adopted in those other jurisdictions. It is anticipated that draft legislation will be available over the coming weeks with a view to it being passed by early 2012.

In closing, ladies and gentlemen, I am sure that your experiences at this conference will be positive. I trust that the experts you hear over the next few days will give you the information that you need to assist you with your strategic planning efforts.

And for those of you who are visiting us, I hope that your stay in the Cayman Islands is also positive, and warm with sunshine and hospitality. I encourage you to visit our beautiful beaches, historic sites and attractions; you'll realise that while we certainly know how to work hard in the Cayman Islands, we also know how to relax after the work is done.

Again, I trust you will have a productive conference, and I thank you all for attending Cayman Captive Forum.

Thank you.

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