



Life Insurance Wrappers

This product sheet has been prepared by Jeometri Insurance Managers (Guernsey) Limited for those interested in learning more about Life Insurance Wrappers and who may be interested in setting up a licensed life insurance company in Guernsey to issue such products.



JEOMETRI INSURANCE MANAGERS
(GUERNSEY) LIMITED

Background – Offshore Life Insurance Wrappers

Offshore Life Insurance Wrappers have been in existence for many years and are also commonly known as Offshore Bonds. Offshore Bonds are normally unit-linked insurance products where the life insurance element is very small (often 1% or less). Most jurisdictions have beneficial rules around life insurance and tax and so Offshore Bonds are typically used as tax deferral structures, where investment income or gains are rolled up within them gross with tax only paid upon taxable events such as redemptions from the bond or ultimately death of the life insured.

Offshore Bonds and Life Insurance Wrappers in general work because the ownership of the underlying assets is transferred from the original owner to the life insurance company. The life company legally holds the assets and the investor of the life policy, who generally maintains control over investment allocation and decisions, will pass the assets on death to the named beneficiary or beneficiaries of the policy, who can be individuals or for instance a Trust. This can also be useful for asset protection purposes.

Passing of assets on death under an Offshore Bond or Life Insurance wrapper is often a simpler process because probate is normally sought in the jurisdiction of the Life Insurer rather than where the assets are located.

Life Insurance Wrappers vs Trusts and other Offshore Structures

Life Insurance is a world-wide concept and this facilitates its use as a tax planning structure especially in instances where individuals or families may move from place to place during their lifetime. For example, Trusts are not recognised in many markets in the same way as they are in the United Kingdom.

Whilst traditional Trust and Corporate Holding structures have their place, many are under continual attack from tax authorities in a number of jurisdictions. An Offshore Bond or Life Insurance Wrapper is a contractual Life Insurance Policy, the benefits of which are enshrined with great clarity in many countries' tax laws; a Life Insurance Wrapper is therefore potentially more sustainable and can stand up to more scrutiny than a traditional Trust or Offshore Company arrangement. >

Life Insurance Wrappers and PCCs

For High Net Worth Individuals, an individually tailored Life Insurance Wrapper in a licensed Guernsey Protected Cell Company (PCC) holds distinct advantages over mainstream Offshore Bonds.

With an off-the-shelf Offshore Bond the investor is limited in what the underlying investment portfolio may be, for example:

- If the policy is taken out in the EU, there are EU regulations over the types of asset that may be invested in;
- The Offshore Bond issuer / administrator will often limit the underlying investment portfolio to selected unit trusts or portfolios and will not allow unlisted or non-traditional Investments or investments in developing markets.

In Guernsey the limitations on underlying assets are minimal.

Also, under a bespoke PCC structure the life company does not have to place limitations on the underlying assets and they can be of any nature. Importantly for many clients there is no change required to an existing portfolio. The portfolio can be transferred to the Life Insurance PCC 'as is', often with the same Custodian and same Investment Manager. This means that existing relationships may be maintained, existing portfolios can continue to run unfettered and there is no requirement to liquidate positions and re-invest.

PCCs also offer additional client protection. The assets linked to each policy must be held in a separate Cell, which is segregated and protected under law from those of any other Cell. The assets within each Cell are managed in accordance with the appointed investment manager's instructions and, for additional security, are held by an approved custodian bank in an account in the name of an independent Trustee appointed by the PCC.

Protected Cell Companies

A Protected Cell Company is one legal entity made up of legally segregated parts (Cells). The legislation was pioneered in Guernsey in 1997, has been used successfully for insurance and investment ever since and has been copied by many other jurisdictions. In simple terms a PCC has a 'Core' which is owned by the PCC 'sponsor' and then multiple Cells which may be owned by the sponsor or any third party and where the assets and liabilities contained therein are kept separate and free from contamination by activities, gains or losses in other Cells. A PCC can have an unlimited number of Cells.

In order to issue life insurance policies from Guernsey, the PCC must obtain a license to conduct long term business from the Guernsey Financial Services Commission.

CONTACT

Jeometri Insurance Managers (Guernsey) Limited
3rd Floor, One Cornet Street, St. Peter Port, Guernsey, GY1 1BZ

Tel: +44 (0)1481 701378

Email: hello@jeometri.com

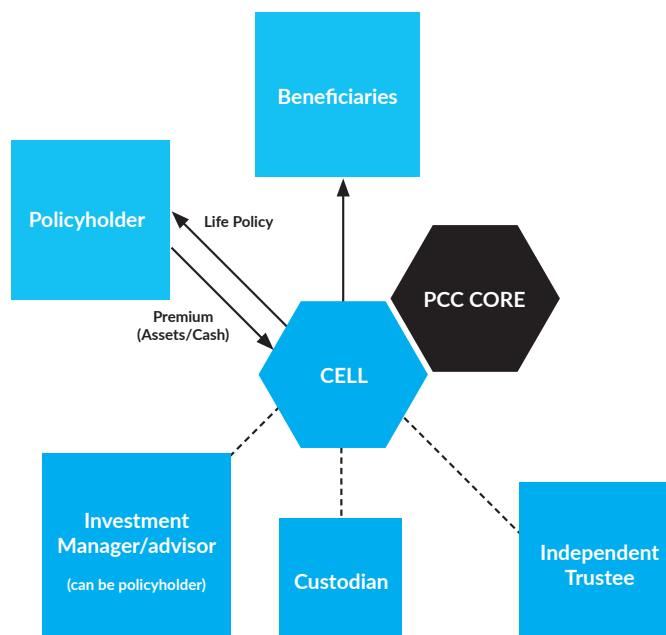


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Typical Structure

The diagram below shows a typical structure for a Guernsey licensed life insurance company using a PCC:



About us

Jeometri Insurance Managers (Guernsey) Limited, "Jeometri" a Guernsey licensed and regulated insurance manager, was formed in 2017 by a group of highly experienced financial services professionals with the vision of creating an independent manager focusing on helping clients to set up and manage life insurance companies for high net worth individuals.

Jeometri is independently owned and operated with no ties to any brokers, insurers, reinsurers, banks etc. Therefore our clients can trust us to give them the best advice.

Services

- + Feasibility studies
- + Product development
- + Formation and licensing of Guernsey insurance companies
- + Underwriting
- + Claims management
- + Arranging reinsurance protection
- + Effecting reinsurance claim recoveries
- + Arranging actuarial reviews
- + Acting as General Representative
- + Compliance with applicable legislation and regulations
- + Company secretarial
- + Cash management
- + Bookkeeping
- + Management accounts
- + Annual financial statements
- + Manage statutory audit
- + Liaison with other professionals such as lawyers, trustees etc.

Please note

Jeometri does not offer tax or legal advice and takes no responsibility for the contents of this document which is merely an overview of the concepts of Life Insurance Wrappers. Readers must take their own independent taxation and structuring advice from appropriately qualified professionals.