

Ireland, Bermuda and the wider market

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Ireland is the third European location for cross-border life insurance. Irish insurers, many of them subsidiaries of British groups, sell unit-linked policies into the United Kingdom and continental Europe. Ireland's attraction rests on its English-speaking legal and regulatory environment, on the experience of its fund industry and on a tax regime that does not tax the policyholder's investment returns within the insurer when the policyholder is not resident in Ireland. The Central Bank of Ireland supervises the insurers under Solvency II.¹

After the withdrawal of the United Kingdom from the European Union, several British groups moved their continental business to Irish or Luxembourg subsidiaries, while their offshore companies in the Isle of Man and the Channel Islands continued to serve British expatriates and international clients. The British offshore bond, issued by insurers in the Isle of Man, Jersey, Guernsey and Ireland, is a closely related product. It is designed primarily for the British tax system, which taxes chargeable event gains under its own rules, examined below.

Bermuda is the principal centre for private placement life insurance sold to American clients and to wealthy families in Latin America and Asia. American policyholders cannot use most European policies, since the American tax rules for life insurance are strict and differ in many respects from those of European countries. Bermuda insurers design their policies to meet these rules and often elect to be treated as American taxpayers, which simplifies the reporting obligations of the policyholder. The Bermuda Monetary Authority supervises the insurers. Its insurance regime was recognised as equivalent under Solvency II in 2016.²

Singapore and Hong Kong have developed comparable markets for wealthy families in Asia. Both centres offer universal life policies and private placement products through insurers that are often subsidiaries of European or American groups. Swiss insurers have also been active in

Singapore, a fact that became relevant in the American enforcement proceedings discussed later in this chapter. The Asian markets lie outside the scope of this book, which treats them only where they affect the European instrument.³

1 Notes

1. On the Irish cross-border life insurance market, see the publications of the Central Bank of Ireland and of Insurance Ireland. On the exemption of non-resident policyholders from the Irish exit tax regime on life policies (subject to declarations of non-residence), see the Irish Taxes Consolidation Act 1997, Part 26. To be verified. ↩
2. On Bermuda as a location for private placement life insurance and on the election of foreign insurers under § 953(d) of the Internal Revenue Code to be treated as domestic corporations, see the American practitioner literature. On the Solvency II equivalence of Bermuda (Commission Delegated Decision (EU) 2016/309), see the Official Journal. To be verified. ↩
3. On private placement and universal life insurance in Singapore and Hong Kong, see the publications of the Monetary Authority of Singapore and of the Hong Kong Insurance Authority. To be verified. ↩

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