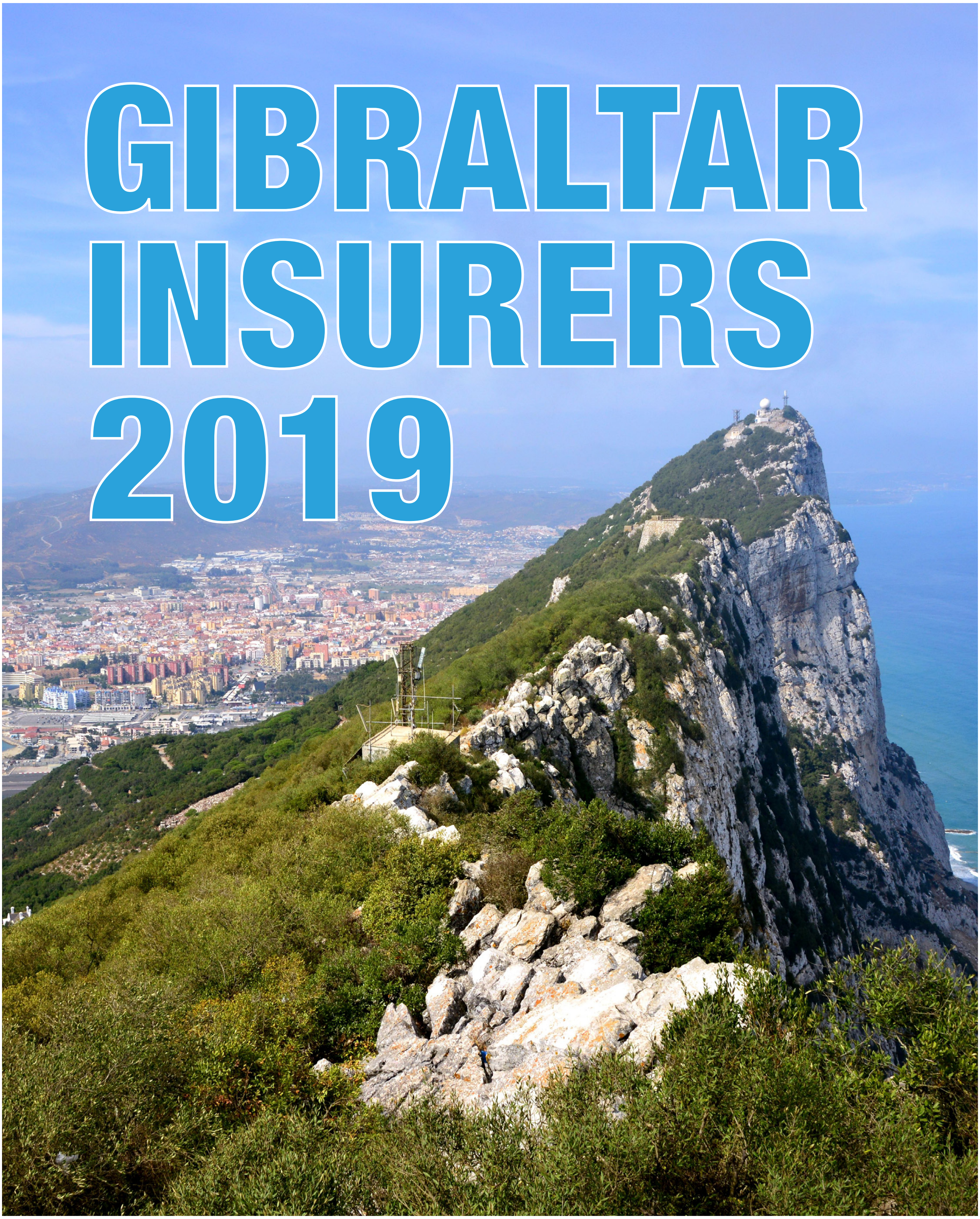
Insurance
Times

GIBRALTAR INSURERS 2019



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Uncharted waters ahead

Matt Scott,
Insight Editor

Brexit. Love it or hate it, you just can't get away from it at the moment. Every day there seems to be a new development, more often than not a setback, in the headlines, and all that remains is uncertainty as to how the UK will withdraw from the EU, if at all.

And for insurers, the uncertainty that continues to rumble on is, at times, almost unbearable, so much so that the ABI issued a statement after Theresa May's crushing defeat in parliament in January describing the situation as delivering "unprecedented uncertainty" and director general Huw Evans calling for politicians to unite to find a way to avoid a no-deal Brexit.

Should the ABI and Evans not get their wish, from 29 March UK insurers will no longer be able to write business in the EU, and the same holds true for insurers based in Gibraltar.

Gibraltar and UK-based insurers will, however, continue to be able to write business in Switzerland following the signing of a deal that replicates the arrangements that Swiss insurers have with the EU.

Gibraltarian insurers will also be relieved that their imminent departure from the EU will not affect their relationship with the UK market, with both the UK and Gibraltarian regulators committed to retaining access to both markets after their departure from the EU.

But the threat of a no-deal Brexit has nonetheless already led some Gibraltarian insurers to pull out of their European ventures. Others are considering leaving Gibraltar altogether, with Malta or Luxembourg their most likely destination.

Whatever happens, it seems that insurers in Gibraltar will continue to operate under Solvency II regulations and the capital requirements that come with it. For now, at least.

And it is here that Gibraltarian insurers are finding some good news. Of the 23 Gibraltar-based insurers analysed in this report, all but one had enough funds to cover their Solvency Coverage Ratio at the time of publishing their Solvency and Financial Condition Report, down from four last time around.

And that one insurer who fell short has already acted out a remediation plan that has put it back on a sound capital footing.

When it comes to profitability, Gibraltar has also fared well, with an eight-percentage-point reduction in the loss ratio helping the market post a profitable aggregate combined operating ratio of 88%.

Expenses, however, have been rising on the Rock, and with Gibraltar historically renowned for its low expense ratios, insurers will be keeping a watchful eye on this as we progress through Brexit Day and into a very uncertain future. ■

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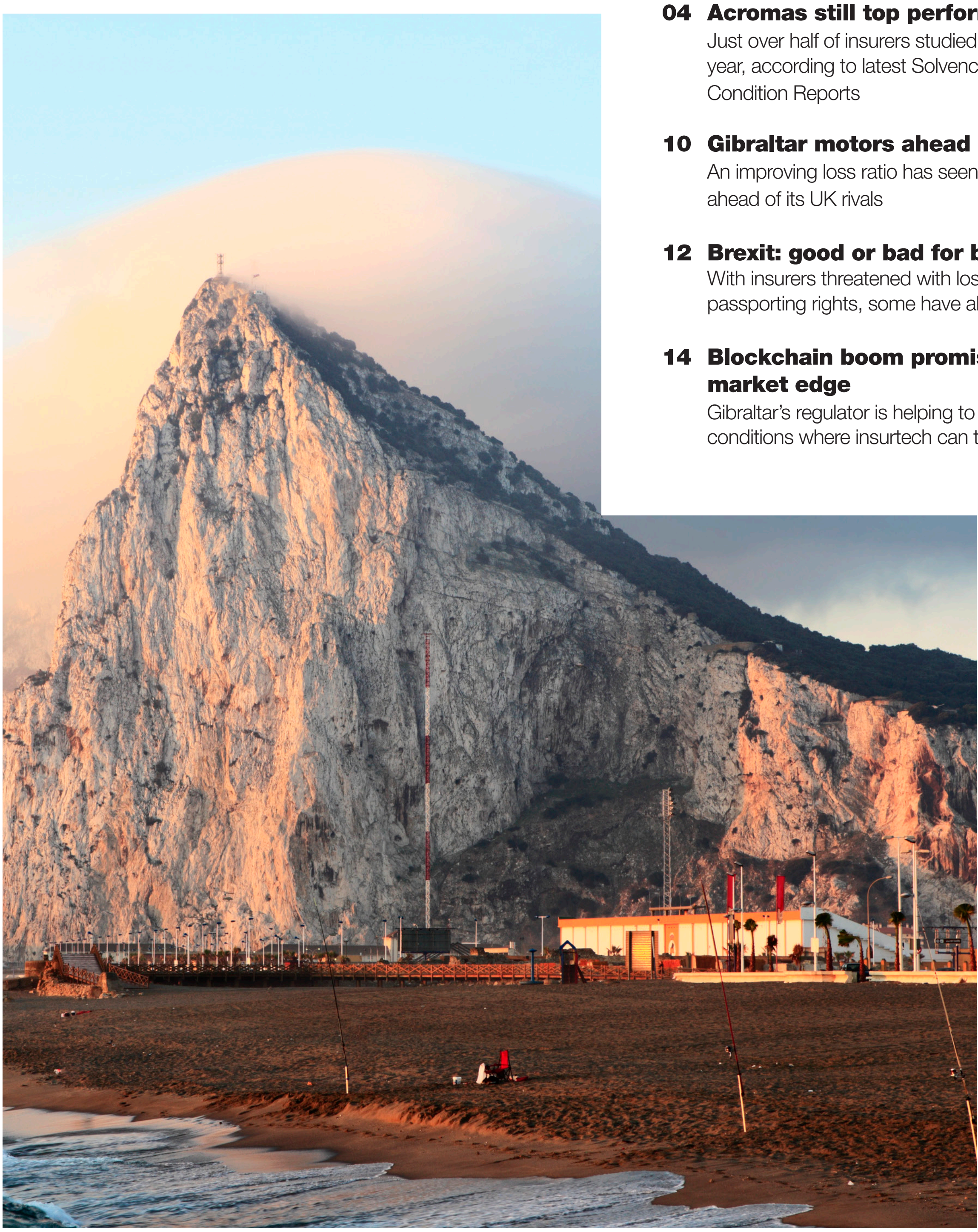


Stephen Morris/iStock

Acromas stays top of table

Saga underwriter cuts its combined operating ratio to 36%, while AA scores biggest improvement in loss ratio and Acasta returns to a stable solvency position after reporting a sub-100% solvency coverage ratio

More than half of the 23 Gibraltar-based insurers that were analysed in this report reported an underwriting profit in their most recent Solvency and Financial Condition Report (SFCR).

An *Insurance Times* analysis of the SFCRs for the Gibraltarian general insurance market revealed that 14 insurers reported a sub-100% combined operating ratio (COR), resulting in an aggregate COR for the market of 88%.

This is an improvement of three percentage points compared with the previous year, when the aggregate position was 91%, largely driven by an eight-percentage-point loss ratio improvement.

Saga underwriter Acromas Insurance was again the top-performing Gibraltarian insurer with a COR of 36%, down 10 percentage points from 46% last year.

More than 99.9% of Acromas's premiums came from the UK, the rest from Ireland, but the decision to stop writing business there on 30 June 2017 means that the insurer will be solely focused on the UK.

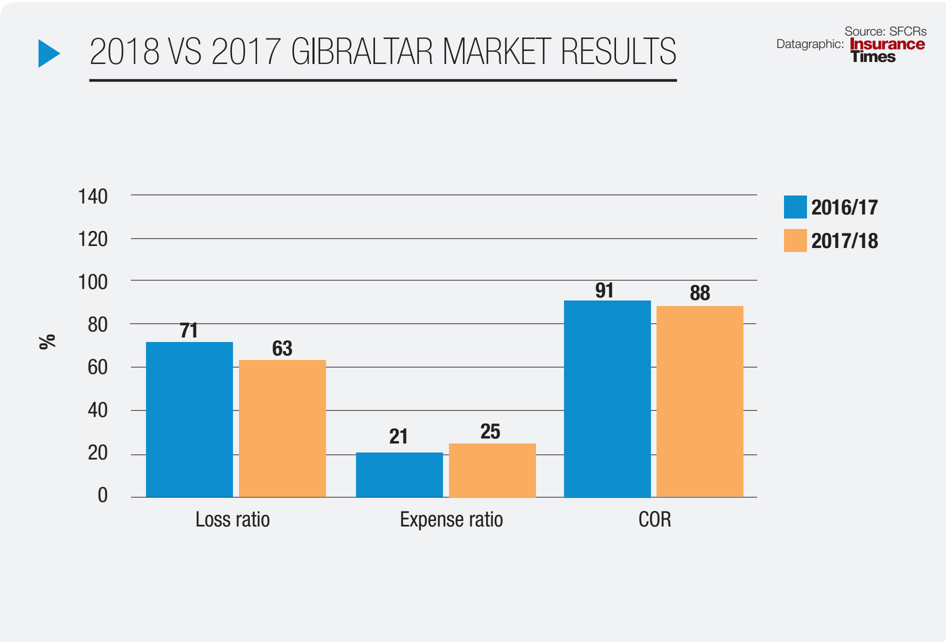
Most of this business comes from the motor insurance market, with 75% of all risks ceded to reinsurers through a three-year quota share reinsurance treaty signed in early 2016.

The highest COR in this report comes from Premium Insurance, with a reported COR of 3,311%, although this is largely due to the low premium base from which the insurer is operating. The insurer only started writing business in December 2016, focusing on Slovakian industrial and commercial property and commercial liability business.

In 2017, the insurer achieved net earned premiums of just £28,000, having been "unable to offer terms to brokers in time to write January business, which is a major renewal season in Slovakia". This resulted in "significantly less premium being written in 2017 compared to the original plan", according to its SFCR.

Managing director Andy Baker told *Insurance Times* that the insurer had a three-year plan that would lead it into profit after continued premium growth.

"We are still in an early phase of our start-up, and our three-year plan includes strong top-line growth, higher risk retention, stable expenses and a tipping point in 15 months' time," he says. "It will be great to record a profit and it will be, more or less, in line with the original forecasts."



Risk mitigation

Of the established insurers, Southern Rock had the highest COR, with a loss-making 804% on a net earned premium base of £7m. Head of finance Mathew Ruiz told *Insurance Times* this figure was not representative of the insurer's true performance given the nature of its reinsurance arrangements.

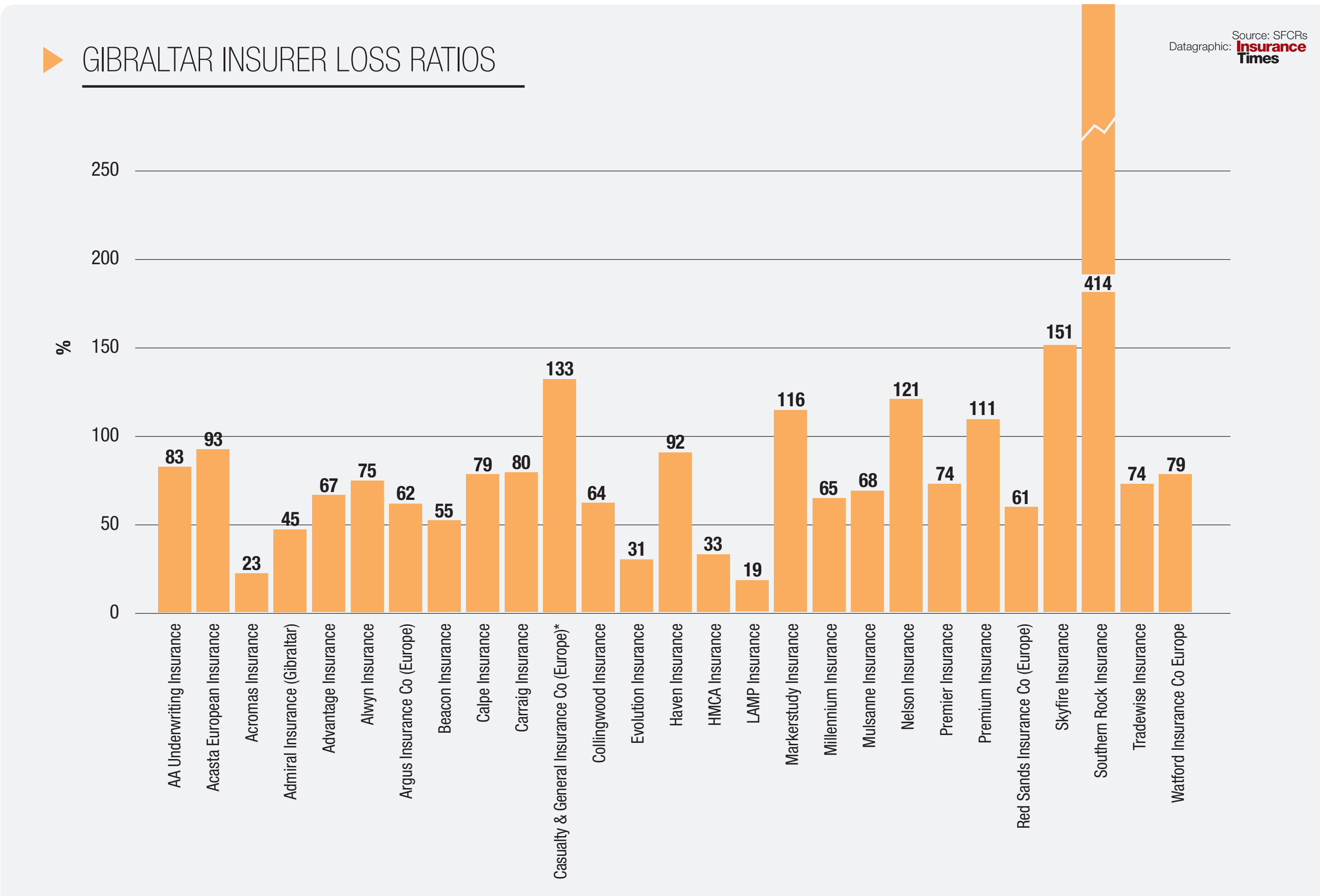
"Southern Rock's risk mitigation strategy has continued its use of reinsurance cover and loss portfolio transfer (LPT) arrangements, all with A-rated or higher reinsurance partners," he says. "The use of reinsurance and LPT means the company has effectively reduced its exposure to claims to just 3% of written premium each underwriting year since 2014.

"On a statutory accounting basis, Southern Rock reported a profit on its technical account of £2.6m for 2017. The overall loss for the year after tax was £4.3m.

"On an underwriting basis, however, ie

'The use of reinsurance and LPT means the company has reduced its exposure to claims'

Mathew Ruiz, Southern Rock



*A CGICE spokesperson says that the loss ratios do not provide an accurate picture of its 2017 performance due to commutation accounting. "In November 2017, CGICE entered into a whole account quote share with g Reinsurance Ltd, a related party. The Company's loss ratios prior to the internal reinsurance commutation are as follows:
Claims ratio: 63%
Expense ratio: 28%,
COR: 91%".

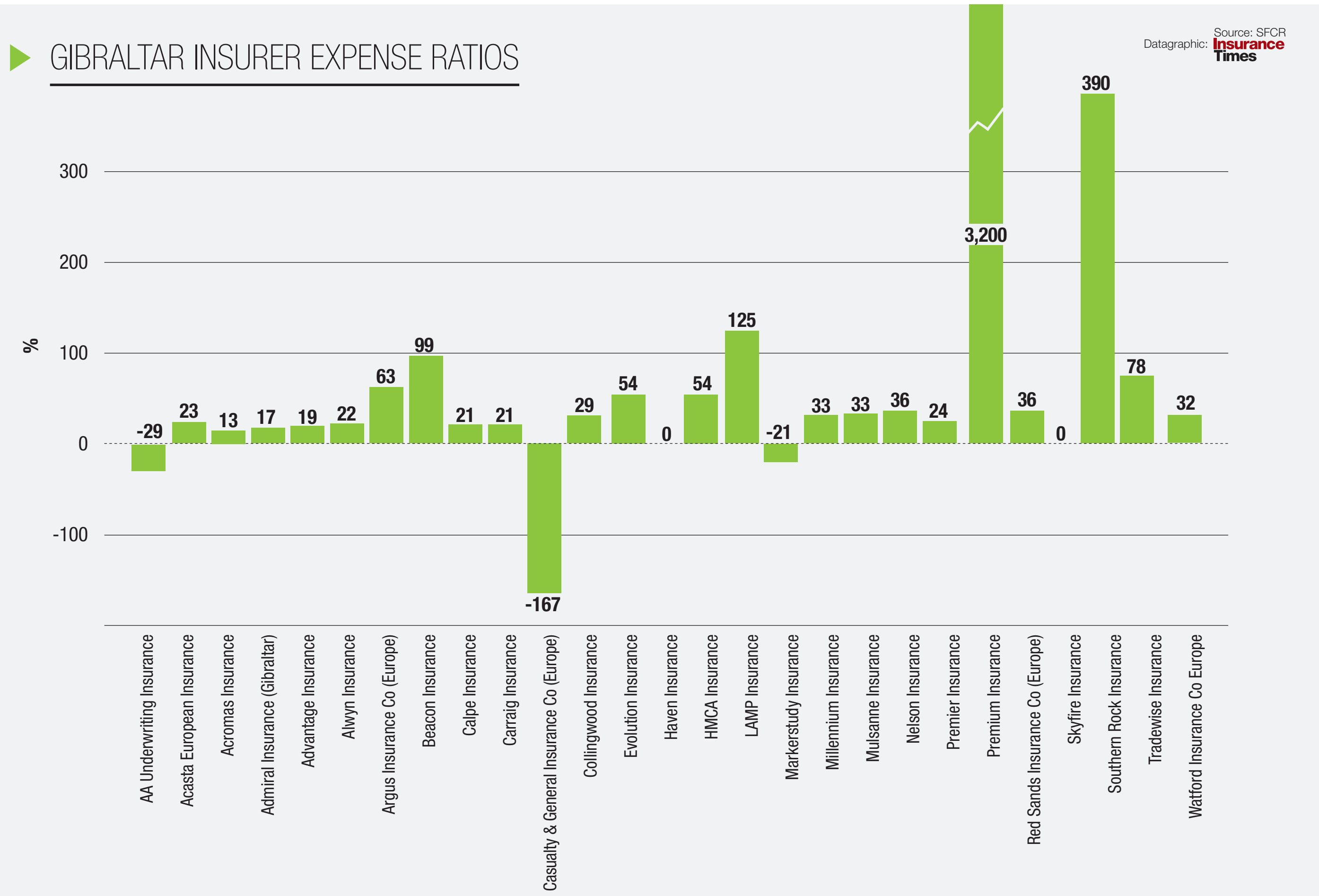
after removing the impact of accounting deferrals, such as deferred acquisition costs and statutory reporting requirements for LPT arrangements, Southern Rock's underlying business remains profitable: the underwriting profit for the year before tax was £2.3m."

Ruiz adds: "The ratios are not truly reflective of the performance of Southern Rock, due to the benefit of reinsurance commission income not being included. This income is a fundamental part of the Southern Rock business model."

Southern Rock's loss ratio of 414% was also the highest in this report, while Skyfire Insurance reported the second highest. Skyfire delivered a loss ratio of 151% on net earned premiums of £28.5m, but a Skyfire spokesperson said the result was skewed by the impact of reinsurance arrangements.

"All of Skyfire Insurance Company's excess of loss outward reinsurance premiums are booked to the technical account in its financial statements, whereas the proportionate commission from Skyfire's Quota Share partners to offset this premium is reflected as a contribution to operating expenses. This has the effect of overstating the calculated COR – the actual underlying net claims ratio is 81.2%."

GIBRALTAR INSURER EXPENSE RATIOS



In its SFCR, the insurer said the bulk of its profit was "derived primarily from its share of the group's non-technical income".

Overall, only nine insurers managed to reduce their loss ratio over the last 12 months, but the best in this analysis was achieved by Lamp Insurance, which writes a variety of niche products across the globe, including legal expenses, medical expenses, miscellaneous financial loss and fire and other damage to property.

The insurer reported a loss ratio of 19%, although high expenses resulted in an expense ratio of 125%, pushing the insurer into loss-making territory for the year with a COR of 145%.

AA Insurance was the most-improved insurer when it comes to loss ratios, largely benefiting from an increased premium base in its second year of writing business.

The insurer wrote net earned premiums of £9.3m for the year ending 31 January 2018, compared with £1.6m for the previous year. This helped the insurer reduce its loss ratio by 58 percentage points to 83%, down from 141% in 2017.

Only five insurers managed to improve their expense ratio, with Nelson Insurance reporting the most improved, knocking 20 percentage points off its expenses to achieve a ratio of 36% for 2017/18, down from 56% the previous year.

This improvement comes after Nelson slimmed its expenses by one-third to £4.1m, while at the same time growing net earned premiums by more than 5%.

Solvency II capital issues

With Solvency II transition periods coming to an end, all but one insurer managed to report a solvency coverage ratio (SCR) above the 100% threshold for 2017/18, compared to four in 2016/17.

Furthermore, last year's inaugural Gibraltar Insurers report concluded that a further eight insurers were found to have an SCR only just above the 100% cut-off (less than 105%), whereas this year all insurers reporting a compliant solvency position achieved an SCR above this 105% barrier.

Acasta Insurance was the only insurer to fail to meet the 100% barrier laid down by Solvency II, reporting an SCR of just 25%, even failing to meet its minimum capital requirements, reporting a minimum coverage ratio (MCR) of 57%.

In its SFCR, Acasta said: "A small number of books of business deteriorated during the year and corrective action was taken. This, together with a requirement to strengthen reserves, resulted in a significant stress on solvency arising at the end of the year.

"During 2017 the relationship with the outsourced insurance manager deteriorated. A replacement manager was appointed at the end of the year.

"The Board took action to review controls in place and instigated an overhaul of how our financial information is produced, with the aid of its new insurance manager from December 2017. The integrity of financial and solvency reporting has improved and the Board has regained confidence that the management information produced is an accurate reflection of the company's position."

Acasta operations director Andy Shaw told *Insurance Times* that a remediation plan put in place by the insurer has already seen improved solvency that has taken the insurer's funds back above the 100% threshold under Solvency II.

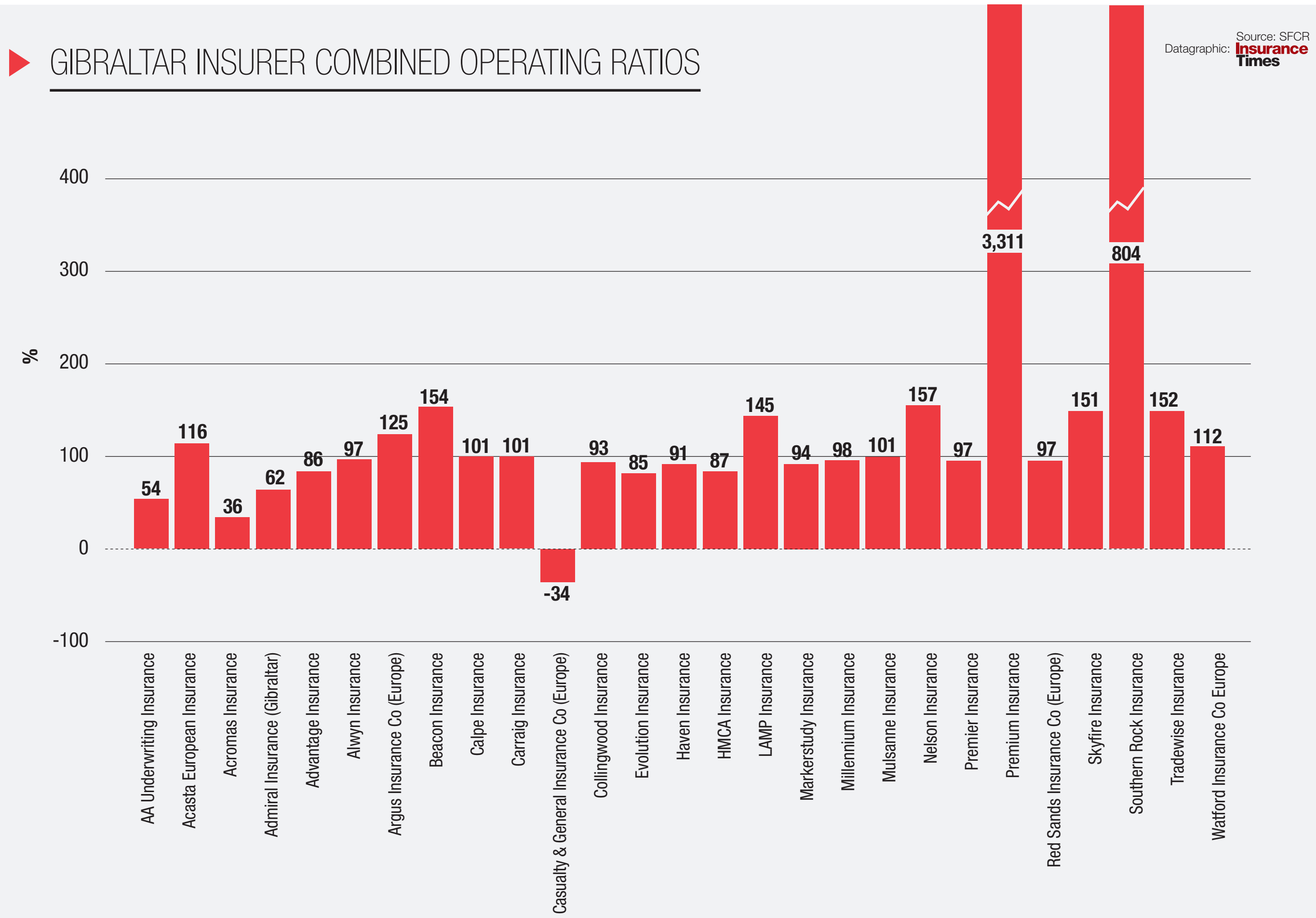
"The remediation plan consists of a whole book quota share from 1 January 2017 to 31 December 2018, 100% quota share of all years of the French construction book, withdrawal from the French construction and rental guarantee markets and £5m of capital injected by the shareholders," he says. "The effects of these actions were that the company reported a SCR solvency ratio of 117% and an MCR ratio of 468%, at 30 September 2018."

Overall, however, the solvency position in Gibraltar has improved considerably over the last 12 months.

Protecting customers

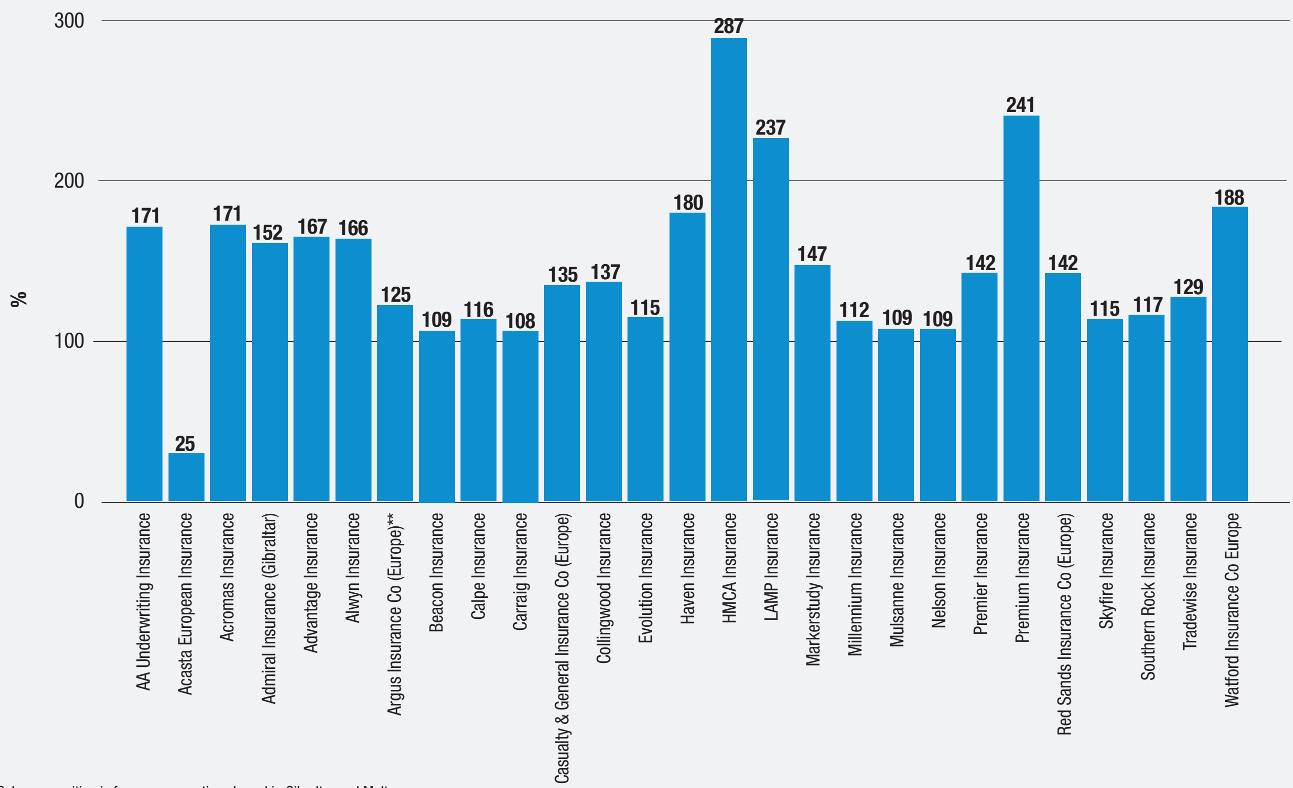
Gibraltar Financial Services Commission (GFSC) chief executive Samantha Barrass says it is the ongoing protection of customers that drives its approach to regulation.

"The GFSC's regulatory and supervisory approach is driven by our statutory objectives to protect consumers and the reputation of Gibraltar," she says. "That is our priority. As with the UK and other regulators, the GFSC does not operate a zero-failure regime, which is one of the main characteristics of a free market. What is important is how we deal with failure, ensuring that we do what is necessary to protect consumers and the market as a whole.



GIBRALTAR INSURER SOLVENCY COVERAGE RATIOS

Source: SFCR
Datagraphic: Insurance Times



**Solvency position is for group operations based in Gibraltar and Malta

'Studies of collapses or near-collapses during the financial crisis identified poor governance and the lack of experience or staff knowledge as two of the main reasons for failures'

Samantha Barrass, Gibraltar Financial Services Commission

"While financial strength ratings can be a useful barometer of the financial health of a firm, this does not in and of itself prevent rated companies from failing. This can still happen to both rated and unrated insurers."

The regulator continues to put procedures in place to better prepare should a collapse happen, such as the failure of Horizon Insurance when it entered administration in December 2018 after three years of being in run-off, and has even launched a thematic review.

"Studies of collapses or near-collapses during the financial crisis identified poor governance and lack of experience or staff knowledge as two main reasons for corporate failures," Barrass says.

"Our approach centres on ensuring that firms have both appropriate financial and non-financial resources. Given the importance of governance we have launched a Corporate Governance Principles Thematic review.

"We also require firms to hold a suitable buffer over the Solvency Capital Requirement mandated by Solvency II."

Barrass says the GFSC has also introduced further measures to better protect customers.

"In 2017, although not required by EU regulation as of yet, we implemented a requirement for firms to consider recovery plans (similar to those required by banks) as part of the forward-looking solvency assessment," she says. "Firms need to consider the stresses they could experience and how they would recover from any such stresses, the ease of, and barriers to, implementing any solutions, and the availability of additional capital if needed.

"Firms also need to consider early warning indicators of potential problems. By carrying out this exercise on an annual basis, and documenting this in the firms' own risk and solvency assessments, firms should be well prepared to deal with unexpected issues and the types of market stresses which can occur." ■

MOST IMPROVED LOSS RATIOS

Insurer	2016/17	2017/18	Improvement
AA Underwriting Insurance	141%	83%	-58%
Evolution Insurance	76%	31%	-45%
Markerstudy Insurance	139%	116%	-23%
Admiral Insurance (Gibraltar)	65%	45%	-20%
Acromas Insurance	43%	23%	-20%

MOST IMPROVED EXPENSE RATIOS

Insurer	2016/17	2017/18	Improvement
Nelson Insurance	56%	36%	-20%
Acasta European Insurance	35%	23%	-12%
Admiral Insurance (Gibraltar)	20%	17%	-3%
Advantage Insurance	21%	19%	-2%
Calpe Insurance	22%	21%	-1%

Motoring ahead

Gibraltar continues to play a large part in the UK insurance market, benefiting from a historically low expense base and an open regulator that provides unparalleled access to decision-makers

Gibraltar is a big player in the UK motor market, with Gibraltarian insurers writing £1.2bn in net earned motor premiums, according to calculations by *Insurance Times* from the most recent set of Solvency and Financial Condition Reports (SFCRs), with 92% of that coming from the UK.

Big motor players such as Admiral and Markerstudy operate from the Rock, with many insurers drawn to the territory by the openness of the regulator and the ability to operate off of a lower expense base.

Gibraltarian insurers continue to benefit from a lower expense ratio than their UK counterparts, according to *Insurance Times*'s comparative analysis of the Gibraltarian motor market with that of the aggregate position of a basket of leading UK-based motor insurers*.

For 2017/18, the Gibraltarian motor expense ratio stood at 23% (2016/17: 21%), compared with 28% (2016/17: 28%) for their UK rivals.

Gibraltar has also fared better when it comes to claims, with the aggregate motor loss ratio for the market improving by 11 percentage points to 62% for 2017/18, compared with 73% for the previous year.

This is once again below the 78% loss ratio reported for 2017/18 by the UK motor insurers in this analysis, meaning that the overall motor COR for Gibraltar is not only profitable, but it is now also 21 percentage points lower than UK-based motor insurers (106%).

AA leads the pack

With the continued high performance on the Rock, more than half of the 19 motor-writing insurers in this report turned an underwriting profit.

Ten insurers achieved a sub-100% COR in their latest SFCR, with AA Underwriting reporting the lowest ratio (excluding those that reported negative ratios as a result of reinsurance arrangements).

AA Underwriting reported a motor COR of just 56% as it continued to grow its book of business in its second year of trading. The insurer wrote a total of 222,000 motor policies for the year ending 31 January 2018, compared with 115,118 the previous year.

The insurer cedes a lot of its motor book to reinsurers, with 80% of its motor business now co-insured after the expiration of a 80% quota share deal on 19 April 2017. The insurer also has "excess of loss cover for any individual loss on a 'risks attaching basis' which, before quota share reinsurance, exceeded one million pounds".

Steady sailing for Admiral

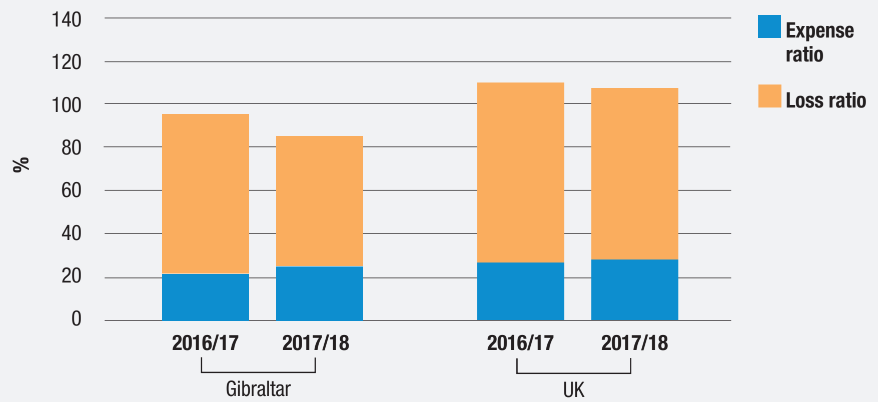
Admiral's Gibraltarian arm also fared well, reporting a motor COR of just 60% off of net earned premiums of £328.9m. This is a 28-percentage-point improvement on the previous year when the insurer reported a motor COR of 88%.

This uptick in performance was largely driven by a 25-percentage-point improvement in the insurer's loss ratio, although the insurer said that was also "lower than we would typically expect to

UK VS GIBRALTAR MOTOR COMBINED OPERATING RATIOS

Source: SFCR

Datagraphic: Insurance Times



‘Over most of the last 20 years our costs have been lower than our competitors by at least 10 percentage points of premium. That’s the equivalent of £50 less expense for a typical policy’

David Stevens, Admiral

Stephen Morris/iStock

report as the claims incurred numbers include prior-year releases on both Admiral’s original net share and reinsurance that has since been commuted”.

But Admiral also benefited from a three-percentage-point drop in its expense ratio to 18%, making it the second lowest expense ratio in Gibraltar (excluding those expense ratios at 0% or below).

In its annual report for the year ending 31 December 2017, Admiral chief executive David Stevens wrote: “Over most of the last 20 years our costs have been lower than our competitors by at least 10 percentage points of premium. That’s the equivalent of £50 less expense for a typical policy, and over £200 less for a higher premium policy.”

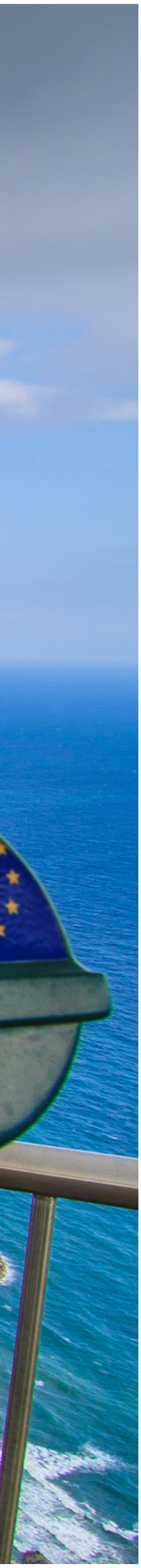
Still steady as a rock?

But with the recent uptick in expenses across the aggregate position in Gibraltar, as well as the end of the Solvency II transition period for many insurers, it remains to be seen if Gibraltar will continue to deliver the cost savings that insurers operating out of the country have historically benefited from.

**Aggregate motor position for the UK calculated using SFCRs for Ageas Insurance, AIG European Group, Allianz Insurance, Aviva Insurance, AXA Insurance UK, Direct Line Group, LV= Group and RSA Insurance Group.* ■

Brexit on the Rock: Good or bad for business?

If the UK exits the European Union without a deal on 29 March, Gibraltar-based insurers will no longer be able to write premiums in Europe. As a result, some have already decided to cut ties with the EU



jose1983/iStock

On 29 March, the UK will leave the European Union, but it is not just the UK that will be breaking away from the bloc. Gibraltar will also be following the UK out the door, despite 96% of Gibraltarians voting to remain.

For now, no deal has been reached that secures the future of the passporting rights that has allowed UK and Gibraltar-based insurers to write premiums in the EU, and without such a deal these rights will end after Brexit.

With more than 90% of Gibraltar's insurance business being written into the UK, the governments of both have reassured Gibraltar-based insurers that this can continue, which could mean for many that little will change after 29 March.

Despite this, Gibraltar Financial Services Commission chief executive Samantha Barrass says the regulator has still been advising firms to prepare for the worst.

"We have encouraged firms to plan for a no-deal Brexit," she says. "Where necessary, the small number of firms affected are taking steps to restructure their operations and business on the basis that they will no longer benefit from passporting of services or establishment in the EU27.

"In some instances this has resulted in firms considering the economic value of any EU business or the cost of establishing a subsidiary in the EU. Many firms have also looked to undertake portfolio transfers of historic claims portfolios to EU27 entities to allow for continuity of services on expired policies."

One company that has already decided to cut its ties with the EU is Evo Insurance, with chief executive William Bidwell saying that the costs of operating a European base as well as their Gibraltar office were too much.

'We assumed there would be a hard Brexit and we wouldn't be able to write business in Europe any more'

William Bidwell, Evo

Planning for a hard Brexit

"Insurers in Gibraltar tend to be smaller than those in the UK, and it is therefore less likely that they will already have a presence in the EU27," Bidwell says. "Insurance is a very compliance-heavy business, and it is hard enough doing that in one country, let alone two.

"We didn't know how Brexit was going to happen, and we weren't going to spend a lot of time on it if we didn't know if it was even going to happen. So we assumed there would be a hard Brexit and we wouldn't be able to write business in Europe any more, and that is what we prepared for."

He added: "We have had to give notice both to our regulator, the GFSC, and the regulators in European countries where we have done business, who have been very concerned about this. We have had to reassure them that we will no longer continue to write business in that country after 29 March."

Other insurers, however, are considering their position within Gibraltar, and the UK's exit from the EU could be mirrored by some leaving Gibraltar.

Premium Insurance, which only started writing premiums in December 2016, said in its Solvency and Financial Condition Report: "The current European legislation enables Premium to provide services across the European Economic Area. If passporting rights are withdrawn, as expected, following the UK's exit, Premium would be unable to conduct its business from Gibraltar.

"The directors keep developments under continuous review and are preparing plans for relocation of the company should this be required in the future."

Gateway to the UK market

But while the passporting rights into the EU will end for Gibraltar-based insurers, they will maintain their rights to write business in the UK, and Barrass says this represents an opportunity for Gibraltar.

"Current EU27 insurance firms may well establish in Gibraltar, using the jurisdiction as a convenient gateway to the UK," she says.

"Gibraltar is a credible alternative jurisdiction to the UK for servicing UK consumers. The choice between Gibraltar and the UK inevitably comes down to the preferences of the particular firm, especially as both regimes have implemented EU legislation such as Solvency II.

"Brexit could, therefore, result in an increase in applications for the re-domiciliation, the establishment of subsidiaries and/or branches in Gibraltar to take advantage of the jurisdiction's continued access to the UK market."

Some have said that Brexit could even allow the UK and Gibraltar regulators to introduce legislation that requires less capital than under Solvency II, giving insurers operating under their jurisdiction an edge over their European rivals, but Michael Tripp, head of financial services for international accounting and advisory firm Mazars, says that, for now at least, Solvency II seems here to stay.

"If and when Brexit does happen, there will be political pressure from some politicians to look at the capital regime and see if there is a way to give businesses an edge over the EU," he says.

"But at the moment both the UK and Gibraltar have said they can't see any other option than being Solvency II compliant, and it would not be a top priority of anyone to want to change the regulations again and cause more internal navel gazing.

"But in the medium-term it could certainly be something that could happen." ■

Blockchain boom promises insurers a market edge

The regulator is helping to create the conditions for Distributed Ledger Technology to thrive – and for insurers to write business that others, such as Lloyd's, are reluctant to take on

Stephen Morris/iStock

The subject of blockchain and distributed ledger technology (DLT) has filled plenty of column inches in the insurance press, with the industry beginning to get to grips with the emerging technology and the benefits for insurers.

But in Gibraltar, plans are well underway for building a regulatory environment under which DLT and blockchain can thrive and provide a boost to the territory's insurance industry.

"There is an accelerating movement in Gibraltar within the distributed ledger technology space, and the introduction of new regulations in 2018 has helped with that," says Peninsula Underwriting head of underwriting James Andlaw.

"In any jurisdiction there is a lot of competition [in this space], but in a small jurisdiction like Gibraltar, competition is particularly fierce."

Businesses seeking regulation

Mike Ashton, senior executive at government body Gibraltar Finance, says

WHAT IS DISTRIBUTED LEDGER TECHNOLOGY?

A distributed ledger is different to a normal ledger in that the entries are held and updated independently across a large network, and not stored centrally.

Individual nodes on the network individually process each transaction going through the system, and once the majority of network locations agree on the outcome of the transaction, the ledger is updated.

Each node continues to store its own version of the ledger.

This process means that the trust over the accuracy of the ledger is not assigned to one individual, such as a lawyer or notary, and the record of transactions is confirmed by comparing the various nodes across the network, improving the ledger's accuracy and trustworthiness.

Distributed ledger technology also has the benefit of allowing each party to make changes that are tracked and shared with the other participants, without the need for a single or central database.

Blockchain is just one form of DLT that uses a sequence of blocks to create a permanent information chain to record a transaction.

the Gibraltar Financial Services Commission (GFSC) has been instrumental in laying down the building blocks for a flourishing DLT industry in the territory, spurred on by engagement from businesses looking to establish themselves there.

"Businesses were coming to us and saying DLT is not regulated at the moment, but we want to be regulated – it is good for business, it is good for shareholders and it is good for our future clients," he says.

"It is important for us as a jurisdiction to be seen to be robust in the way we regulate and with the people we allow to come in to the market – it is all about how these DLT providers operate as a business, and ensuring they are properly capitalised and run, just as with any other business.

"Gibraltar wants to project itself as somewhere that is innovative and can deliver on speed to market, but also as a place where good, strong and robust regulation is absolutely paramount."

The framework introduced by the GFSC off the back of initial engagement with the industry took the principles-based approach, which Andlaw says is vital given the fast-moving nature of the market that is being overseen.

"The principles-based framework was chosen because setting something firmly in stone makes any amendments more cumbersome," he says.

"Things in this space move very quickly, on a weekly or even daily basis, but having a principles-based approach doesn't reduce standards, it just creates a bit more flexibility in how they are approached and delivered."

To get to grips with the speed of the DLT market, the GFSC has engaged closely with the industry, and Andlaw says that as a result of this support and openness, the blockchain and DLT space in Gibraltar is able to fill a gap avoided by other, more traditional marketplaces.

"A lot of this DLT business was coming in to Lloyd's, but there was reticence to write it, which goes completely against the grain, in my opinion, of what Lloyd's represents as the centre of the insurance centre across the world," he says.

"What excited me about Gibraltar is that it represents a properly regulated jurisdiction. And if you can understand the regulatory framework and the processes and procedures of how that regulator scrutinises businesses, as well as the due diligence needed, then Gibraltar becomes an exciting opportunity for insurers and underwriters to dip their toes into DLT, but in a market that is better understood [and more accepting of the risk]."

Peninsula has been one of the insurance industry's pioneers in Gibraltarian blockchain and DLT, and Andlaw says the regulator's openness was one factor that drove his team to explore the opportunity.

"In Gibraltar, underwriters get a really privileged and unique opportunity to meet with government, regulators and leading law firms to get a proper understanding of that due diligence process at every level," he says. "From an underwriting perspective that is unique and not only important, but required.

"If you are going to ask underwriters to deploy capacity into a risk that is largely not understood, even if it is becoming more so, then understanding the framework in which these entities are going to operate in and be legislated under is crucial."

High entry barriers are a benefit

But despite this support from government and the regulator, there are still issues for the emerging DLT marketplace in Gibraltar, although Andlaw says these barriers can actually benefit insurers operating in this space over the longer-term.

"The barriers to entry for DLT businesses in Gibraltar is high, but there are businesses who want that level of regulation, and those are the types of businesses we want to attract to Gibraltar," he says. "Knowing that a business has gone through the process of registering in Gibraltar gives people a relative element of comfort.

"The Gibraltarian blockchain market is not trying to be all things to all people. The entry levels are high, but the market wanted to take a similar approach to what has been achieved in the gaming industry, which is not about attracting the masses but attracting the top names, and they are now trying to replicate that success in the blockchain and DLT space."

Regulator works with industry

"This is exciting for the insurance industry," Andlaw adds. "It is new for everyone, and I am a big believer in collaboration and that is what is exciting about Gibraltar. The regulator is being very innovative with the regulations, but it is also working closely with the businesses that approach them.

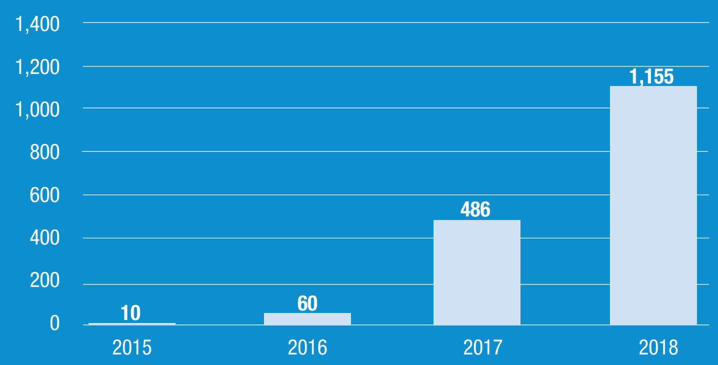
"From an insurer's perspective, having that access to the regulator makes it an exciting space to work in."

And what does the future hold for blockchain and DLT in Gibraltar? Andlaw points again at the success of online gaming.

"We are at the front-end of seeing a lot of these well-regarded businesses in this emerging space that have been around for a number of years and are seeking a more regulated jurisdiction. Gibraltar has a wide-ranging definition for blockchain and DLT technology and as such covers the full spectrum of businesses.

"If you look at the number of gaming businesses here, it is relatively small, but we have all the big names, and I certainly see that being emulated in the blockchain and DLT space." ■

DISTRIBUTED LEDGER TECHNOLOGY/BLOCKCHAIN PATENT APPLICATIONS WORLDWIDE HAVE BOOMED SINCE 2015



Source: *Insurance Times* calculations based on PATENTSCOPE data – from the World Intellectual Property Organization

Insurance Times

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