

Major UK Insurers May Move Offshore

September 19, 2008

Two of Britain's biggest insurers are considering moving their headquarters offshore in an effort to cut their tax bills, The Financial Times reported yesterday.

But RSA Insurance, the UK's second-largest general insurer, and life assurance Prudential, are not considering moving to Bermuda, with RSA saying running the business from Bermuda would be "challenging".

RSA is seriously considering moving its headquarters to Ireland, while Prudential is also examining a change of domicile, with Ireland or Amsterdam potential locations, the newspaper said.

"RSA is alarmed by the complexity of the UK tax regime. It also generates almost 60 per cent of net written premiums from outside the UK, putting the government's proposed reforms of the way multi-nationals are taxed high on its agenda," the newspaper said.

"Although a move to Bermuda would offer a zero per cent corporation tax rate, running the business from the island would be challenging. Consequently, RSA is looking at moving its headquarters for tax purposes to Dublin, which offers a 12.5 per cent tax rate, the people familiar with its thinking said, although they insisted no decision had yet been made."

The FT reported that RSA would say only on Wednesday: "We periodically review our domicile. We did this a few years ago, and decided at the time that the UK was right for us. We are currently reviewing it again, but we have made no decisions."

Prudential, which vies with rival Aviva to be the UK's biggest life assurer by market capitalisation, also has operations in both the US and Asia.

The question of domicile will come to a head when the Pru's Asian business begins generating a large amount of cash that must be repatriated to the group centre. It declined to comment yesterday, but people familiar with the Pru's thinking also said it had not yet reached a decision.

A string of British companies have recently redomiciled, including Henderson, an asset manager; Charter, an engineering company; and Regus, the serviced offices provider, which have already moved their tax bases to Ireland or Luxembourg.

British jeweller Signet approved moving its domicile to Bermuda earlier this month. Last year, giant UK-based global investment management company Invesco moved to Bermuda.

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A number of Lloyd's underwriters, including Amlin, Hiscox and Catlin have also shifted their domiciles to Bermuda from London, and another Lloyd's firm, Brit, has said that it is considering a domicile change, but is concerned about the political situation in Bermuda.

Source: The Royal Gazette