London & Colonial
Innovation In Pensions

Why UK advisers should consider Gibraltar

Gibraltar, a British overseas territory, affectionately known as the Rock by its residents, is located at the southern tip of the Iberian Peninsula of mainland Europe. But why do UK advisers recommend Gibraltar as a jurisdiction for their clients to invest through?

Close ties with the UK

Being a British overseas territory Gibraltar has close links with the UK and is the only jurisdiction, in the world, that enjoys passporting rights into the UK. Passporting rights allow Gibraltarian companies like London & Colonial Assurance PCC Plc ('LCA') to market and sell its products in the UK. In fact, 30% of all motor insurance in the UK are written by Gibraltar-based insurers.

It is a self-governing well-regulated financial centre with robust regulatory standards. The Gibraltar Financial Services Commission ('GFSC') is the local supervisory body responsible for monitoring the financial services industry. The GFSC is easily accessible to provide support and regularly collaborates with the industry as well as closely mirroring the regulatory regime in the UK.

The Financial Action Task Force, the global anti-money laundering watchdog, also recognises Gibraltar as a responsible and transparent financial centre, dedicated to upholding the highest standards of compliance with its international obligations.

Favourable tax regime

Under Gibraltar's favourable tax regime there is no tax on any interest or gains made from the investments held within the estate planning, investment, and pension products. This means that the investments can grow virtually tax-free which can significantly increase the returns received (there may be some withholding tax to pay depending on the type of investment).

The favourable tax regime allows the investment range within the products to be broader. Customers can choose a wide range of permitted investments as well as being able to access investment platforms and discretionary fund managers.

Protection for investors

LCA is structured as a protected cell company ('PCC'). UK advisers may not be familiar with this type of structure, but HM Revenue & Customs are. Within their international manual HMRC explain the structure and protection which a PCC can offer to investors.

A PCC is separated into legally distinct portions ('Cells') in order to segregate and protect each investor's assets from other investors and the PCC itself. This structure offers great protection for the investor. Also, if the investor purchases a preference share in the PCC, which is linked to their Cell, on their death their executors will be able to claim any remaining value sitting in the Cell.

Solvency II which introduced a harmonised EU-wide insurance regulatory regime was domesticated into Gibraltar law under the Insurance Regulations 2020.

Having the ability to passport into the UK means that UK residents are covered by the UK Financial Services Compensation Scheme ('FSCS'). In the unlikely event that LCA were to default on its claims, sales conducted in the UK, to UK residents are covered by the 'protected contracts of insurance' part of the FSCS.

Protection for investors (continued)

LCA always strives to resolve complaints internally, however if this is not possible customers have the right to contact the Office of Fair Trading's Consumer Protection Division whose aim is to ensure that the rights of customers are respected.

LCA has a long history in the UK market and has been providing suitable products for investors and servicing advisers for over 20 years. Together with the highly regulated security the Gibraltar jurisdiction provides LCA is a safe environment for UK resident investors.

For information on London & Colonial's flexible annuities please visit our website www.londoncolonial.com or contact our dedicated business development team sales@stmgroup.online.

Kim Jarvis, Technical Manager (Life) at STM Group PLC, has supported advisers in the life industry arena for over 25 years, with experience in trusts and their taxation, product development, the impact of new legislation on the industry and delivering training. She is an affiliate of the Society of Trusts and Estate Practitioners and a Chartered Insurer.

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Gibraltar Company Registration Number: 80650
London & Colonial Assurance PCC Plc is a Gibraltar registered company, and is incorporated under the Gibraltar Insurance Companies Act as a Protected Cell Company. London & Colonial Assurance PCC Plc is regulated by The Gibraltar Financial Services Commission - Permission Number: 5191. Registered Office: 3rd Floor, 55 Linewall Road, Gibraltar, GX11 1AA

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