

Our Luxembourg insurance and reinsurance sector capabilities



The Luxembourg insurance and reinsurance landscape

Overview

The Grand Duchy of Luxembourg is widely recognised as one of the key centres for international cross-border insurance in Europe as well as for the establishment of reinsurance and captive reinsurance businesses.

The success of the Luxembourg insurance and reinsurance market is the result of a combination of factors. This includes the country's financial, political and fiscal stability as well as its adaptability to an ever-evolving market, and the business-oriented approach of the regulatory authorities.

Its highly qualified multilingual workforce as well as its legal and regulatory framework, ensuring both the protection of policyholders (through the "triangle of security") and the ability to create tailor-made products, can also be listed among Luxembourg's key success factors.

Key trends

Thanks to our experience of advising numerous insurance and reinsurance clients (as well as their parent companies) along with various intermediaries active within the sector – all of which are confronted with constant regulatory and compliance challenges – on how to best navigate through market changes as well as assisting them in seizing opportunities and developing new and tailored products, we are well positioned to keep abreast of key market trends affecting the industry. For instance, below are a few developments that we have seen emerge over the last few years:

Brexit – the UK's decision to leave the European Union and the choice of several (re)insurance companies and intermediaries to relocate to Luxembourg has further developed and shaped the Luxembourg (re)insurance market (in particular, in the non-life sector).

Convergence between private banking and insurance solutions – through, in particular, the development of strategic alliances and partnerships as well as new products combined with the use of modern technology to provide contemporary, holistic client services adapted to the needs of sophisticated and younger HNWI and UHNWI clients.

Consolidation and increased M&A activity – through the strategic repositioning by entities active in the (re)insurance sector but also the transfer by life and non-life insurance companies of (part) of their portfolios to other insurers. Interest in Luxembourg captives remains high.

Regulatory changes – the (re)insurance sector is clearly facing many challenges on the regulatory front with regular publications of new texts at EU level (SFDR, amendments to Solvency II, IDD, DORA, IRRD, AML VI package, etc), but also increased guidelines and scrutiny from the regulator, with businesses looking for solutions and opportunities arising out of these challenges.

Lending by insurers – with bank financing becoming much more difficult to attain for the vast majority of borrowers, there is a gap in debt funding across sectors (as well as a rebalancing of negotiating power of loan terms) of which life insurers are taking advantage.

IT outsourcing – with the pressure on businesses to reduce costs, increase quality and stimulate innovation, the outsourcing of IT-related services (either by centralising them within the same group of companies or by using external specialised service providers) has become an important factor. Such outsourcing activities are heavily regulated in the banking and insurance sectors and must comply with stringent restrictions.

What we bring to the table

A top-tier Luxembourg insurance and reinsurance practice

We have a market-leading insurance and reinsurance practice in Luxembourg, which is part of a wider, firm-wide, insurance practice (involving experts across the EU but also in the UK and other jurisdictions). Our specialist teams have significant experience advising financial institutions, insurers, reinsurers and intermediaries (brokers, agents, MGAs, etc.) on the full range of (re)insurance-related matters. In Luxembourg, this includes, setting up Luxembourg (re)insurance companies and intermediaries, company/business migrations to Luxembourg, acting as legal advisers to sellers or to buyers on high profile,

complex M&A transactions, advising on regulatory and compliance issues, assisting in dealings with the regulator(s), etc. By combining our experience and expertise across the relevant market-leading practice areas of our Luxembourg office, and working hand in hand with insurance specialists from across our network of offices, we have developed a niche at the forefront of the Luxembourg insurance and reinsurance market. Our Luxembourg insurance and reinsurance practice ranks Band 1 by the independent legal research publication Legal 500.

A full-service offering

While insurance M&A and insurance regulatory matters often take center stage, our Luxembourg insurance and reinsurance practice is regularly supported by members of our IT and data protection, employment, finance, tax, investment funds and litigation practices. We are one of the few international law firms in Luxembourg able to provide our clients with a full-service one-stop shop offering, allowing us to deliver the

strategic and tactical insights needed to identify optimal solutions quickly and cost-effectively. The combination of our expertise in these various fields of law and our sound knowledge of the Luxembourg insurance and reinsurance market means we are well placed to handle the full range of insurance and reinsurance-related matters.

Corporate and M&A	Regulatory and Compliance	Employment	IT and Data Protection
Investment Funds	Taxation	Finance	Disputes

Backed by a dedicated global insurance group

Thanks to our integrated network of offices (which extends to all major financial centres around the world) and ‘best friend’ local law firms where we have no physical presence, our practice benefits from the close collaboration and assistance of our Global Insurance Group, which itself comprises

members of the firm’s key global practices. This allows our clients to benefit from Allen & Overy’s global reach, experience and expertise, and know-how when dealing with multi-jurisdictional insurance/reinsurance issues.

Established relationships with local regulatory authorities

Our practice is in regular contact with key Luxembourg government bodies and supervisory authorities. For instance, we have excellent relations with the Luxembourg financial sector regulator, the *Commission de Surveillance du Secteur Financier (CSSF)* as well as with the Luxembourg insurance

regulator, the *Commissariat aux Assurances (CaA)*, and we are an active member of the Luxembourg insurance and reinsurance association, the *Association des Compagnies d’Assurances et de Réassurances (ACA)*.

Our sample experience

A leading life insurance company in relation to regulatory and IT advice with respect to a strategic IT outsourcing and BPO deal.

A leading Luxembourg life insurance company in the reorganisation of its governance arrangements at group level.

A leading Luxembourg life insurance company in the issuance of Tier 1, 2 and 3 instruments.

A leading insurance company in its dealings with the CAA following an AML-CTF onsite inspection.

A leading insurance broker in the reorganization of its structure through i.a. outsourcing arrangements.

A Luxembourg life-insurance company in relation to insurance regulatory and data protection queries in the context of certain transfers of confidential data for the purpose of restructuring their extranet.

A Luxembourg-based insurance player on insurance regulatory matters relating to outsourcing and professional secrecy issues.

ABN AMRO on the sale of ABN AMRO Bank (Luxembourg) S.A. and its fully owned subsidiary ABN AMRO Life S.A to BGL BNP Paribas.

Ageas Insurance International on the merger between two Luxembourg-based insurance companies, Fortis Luxembourg Vie (owned by Ageas and BGL BNP Paribas) and Cardif Lux International (owned by BNP Paribas Cardif) to form Cardif Lux Vie, and the subsequent sale of Ageas' stake in Cardif Lux Vie to BNP Paribas Cardif.

Allianz Group on the acquisition of the legal protection insurance subsidiary DAS Switzerland and assets of DAS Luxembourg and Slovakia from German insurance group ERGO Group AG.

Cowen Group on its acquisition of Builders Reinsurance, a leading Luxembourg-based reinsurance captive (which was renamed Hollenfels Re upon closing of the transaction).

EFG Bank in the post-acquisition integration of BSI and UBI Banca in Luxembourg (including their insurance

Julius Baer Bank in the post-acquisition integration of Commerzbank Luxembourg (including their insurance business).

KBC and Assurisk, a Luxembourg reinsurance undertaking, on the implementation of a transformer structure whereby credit risks under credit default swaps were transferred from a transformer vehicle to the Luxembourg insurance undertaking (issuing a policy under so-called "Class 15 insurance policy", ie suretyship insurance).

KBL European Private Bankers on the sale of its life insurance business, Vitis Life, to Monceau Assurances, the French insurance group.

La Bâloise Assurance on regulatory and tax issues in relation to the setting-up of a life and non-life insurance business in Luxembourg.

Lombard International Assurances on the provision of ongoing assistance with respect to insurance regulatory and litigation issues.

Proximus in the context of the merger of Telindus and Tango S.A including a change of control of the Luxembourg reinsurance company PXS RE S.A.

Old Mutual on the disposal of its affiliates Skandia Life and Skandia Invest to APICIL Group.

Saham Group on the sale of its insurance business to Sanlam.

Skandinaviska Enskilda Banken on the regulatory issues in relation to the setting-up of an insurance brokerage business under Luxembourg law.

Three leading specialist insurance companies on the establishment of their respective new European subsidiaries in Luxembourg following the UK's decision to leave the European Union, and on follow-up labour law and regulatory matters regarding their respective intra-group reorganisations, including i.a. advising on outsourcing and insurance secrecy considerations (at the level of the Luxembourg entities and their branches).

Global Bankers Insurance Group (GBIC), on its acquisition of NN Life Luxembourg, a Luxembourg-based life insurance solutions provider, from NN Group, and ongoing regulatory matters.

Zurich Insurance Group on the sale by way of an auction process of its four reinsurance companies in Luxembourg.

“Drawing upon the subject matter knowledge of several lawyers from across the firm’s full-service offering with regulatory and transactional insurance expertise, the ‘friendly and reactive’ multi-disciplinary team at Allen & Overy Luxembourg handles a wide range and volume of significant mandates in the sector.”

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Global presence

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