1. Introduction

Jersey and Guernsey (referred to collectively as the Channel Islands) and the Isle of Man are three small self-governing island dependencies of the English Crown. They form part of the British Isles, though not of Britain, and they have enjoyed their independent status for 1000 years or so.

The Islands are within the "scheduled territories". Each Island issues its own coins and notes, but these are of equal value to their British counterparts. Each Island has its own Income Tax authority.

The Islands have a special relationship with the EEC, which can be summarized as "in for trade, and out for everything else". In particular, there is no requirement for the Islands to harmonize their legislation with that of the EEC.

2. Economic Background

Until comparatively recently, the chief occupations in the Islands were agriculture/horticulture, fishing, and catering for tourists, with some light industry, but in recent years a thriving and sophisticated finance sector has developed in each Island, catering for international "offshore" business of various kinds. In particular, life assurance companies, captive insurance companies and offshore pension funds have been established.

There is not much published information on the cost-of-living in the Islands relative to that in the U.K. However, each Island maintains its own cost-of-living index and all three rise closely in line with the U.K. index.

There are no restrictions on investment, and funds established in the Islands invest on a world-wide basis.
3. Social Insurance

Social Insurance in the Isle of Man is identical with that in the U.K. It thus includes health service provisions, unemployment benefits, and State flat-rate and earnings related pensions.

Social Insurance in the Channel Islands is less extensive. State pensions are provided as flat rate amounts only (close to the U.K. amounts but not identical) and the pension age is 65 for both men and women. Visits to and from the doctor must be paid for. In Jersey there is no State unemployment benefit, and in Guernsey this is provided on a limited basis only.

Actuarial advice for the Social Insurance schemes of the Islands is provided by the Government Actuary in London.

4. Life Assurance Companies

A number of life assurance companies have been set up in Guernsey and the Isle of Man in recent years. These are mostly subsidiaries of U.K. companies, specializing in offshore business for expatriates. The companies established in Guernsey still look chiefly to the U.K. for actuarial advice, but some of the companies established in the Isle of Man employ resident actuaries.

In Jersey the law still does not permit the establishment of life assurance companies.

5. General Insurance

Many captive general insurance companies have been established in Guernsey and the Isle of Man. However, as in the U.K., the need for actuaries to advise on the problems of general insurance is not yet perceived to any extent in the Islands.
Jersey has only recently permitted the establishment of captive insurance companies, and if established in Jersey they are only permitted to insure risks of the parent company and its associates. (This restriction does not apply in Guernsey and the Isle of Man.)

6. Friendly Societies

Friendly societies in the Channel Islands and the Isle of Man are controlled by the Registrar of Friendly Societies in London. The insurance of medical benefits through friendly societies is particularly popular in Guernsey.

7. Pension Funds

Traditionally, employees in the public sector have been members of self-administered pension schemes, most of which are advised by the Government Actuary in London. In the private sector, insured pension schemes have generally been used. However, in recent years a number of self-administered pension schemes have been set up locally, particularly by employers in the finance sector.

One consequence of the overseas status of the Islands is that the range of contracts available for insured pension schemes is somewhat limited. Many U.K. insurance companies are not prepared to transact business in the Islands, and others do not offer the full range of pension contracts available in the U.K. For example, managed fund type contracts are almost unknown. With profit deferred annuities are often used, but these may carry a lower rate of bonus than corresponding contracts available in the U.K.

In the Channel Islands there is no legislation on the preservation of pensions, but in the Isle of Man the requirements are the same as in the U.K. The State pension arrangements in the Isle of Man are similar to those in the U.K., and there is a "contracting-out" option, with the requirements for contracting-out exactly the same as in the U.K. In the Channel Islands there is no State earnings-related pension and hence no contracting-out option.
The Islands also permit the establishment of "Offshore Pension Funds" and such arrangements have been used to provide pensions for international employees of multinational companies.

8. Retirement Annuities

The Isle of Man has retirement annuity legislation similar to that in the U.K., although there is a lower maximum limit on permitted contributions. There are no corresponding provisions in Jersey, although there the premiums for approved life assurance policies are 100% tax-deductible. Guernsey has recently introduced retirement annuity legislation, and a number of U.K. insurers are offering deferred annuity with profit contracts similar to those available in the U.K. The legislation also permits the establishment in Guernsey of self-administered retirement annuity trust schemes; one such scheme has already been established and others are in process of formation.

9. Actuarial Population

In Guernsey there are four qualified actuaries and four actuarial students, all of whom are engaged in consulting work. In the Isle of Man there are four qualified actuaries and two actuarial students, all of whom are engaged in insurance work.