LUXEMBOURG FOR FINANCE

INSURANCE

THE FINANCIAL CENTRE DEVELOPMENT AGENCY

CONTENT

INTRODUCTION – A LEADING FINANCIAL CENTRE IN EUROPE

01

INTRODUCTION – A LEADING FINANCIAL CENTRE IN EUROPE

The Luxembourg financial centre provides a wide range of financial services, acting as a bridge between global investors and markets. Luxembourg's financial sector, with its unique multijurisdictional expertise attracts financial institutions from around the world, while Luxembourg's capital markets infrastructure makes it the perfect spot for multinational businesses seeking sustainable finance solutions for their European and global activities.

A pioneer in the European retail funds industry, Luxembourg built the leading international fund distribution platform in the EU. The forward- thinking of the Grand Duchy's financial industry was on display again when the world's first green bond was listed on the LuxSE in 2007 as it had been in 1963 when the first-ever Eurobond was listed, and a leading European capital markets hub was born.

The insurance industry in Luxembourg fits into a well-established and forward-looking financial ecosystem which is home to a global investment fund industry, a large corporate and private banking centre, one of the main European capital markets infrastructures, and a leading EU FinTech hub. This comprehensive financial sector cluster provides insurance companies not only with on-hand expertise with regards to underwriting, but also helps to support their key investment activities.

+125 international banks from **26 countries**

24% solvency ratio

(EU minimum is 8%)

€508 billion Private Banking Assets under Management (AuM)

Banks in Luxembourg have established several areas of **expertise**, including private and institutional wealth management, corporate banking, retail and commercial banking and a full range of investment fund services

The **EU passport** allows banks and insurers in Luxembourg to offer their services throughout the **European Single Market**

With more than **€5.6 trillion** in assets under management, Luxembourg is the number **ONE** investment fund centre in Europe and **SECOND** worldwide

Luxembourg has played a crucial role in establishing the UCITS as a truly European financial product and has turned **UCITS** into a **globally recognised brand**

Luxembourg offers bespoke structures for all the main alternative asset classes and investment strategies, including **hedge funds**, **funds of hedge funds**, **private equity and venture capital**, and **real estate**

Luxembourg is widely recognised as a **centre of excellence** for the distribution of insurance products in the EU

LUXEMBOURG HOSTS OVER 270

Luxembourg hosts over **270 insurance** and **reinsurance companies**

58% of insurance premium income is written for **cross-border life insurance policies**

From listing and trading to clearing and settlement, Luxembourg offers a robust and **reliable capital markets environment**

The Luxembourg Stock Exchange **(LuxSE)** is a global specialist in the listing of international securities

LsuxSE is a pioneer in listing new products, like **Green Bonds**, **Dim Sum Bonds** and **Sukuk**

60+
100+

Strong market recognition by international issuers (2,500+ issuers from over 100 countries) and securities listed in **60+ different currencies**, including supranational financial institutions **100+ sovereign and quasi-sovereign issuers listed**

Home to **Clearstream**, leading international post-trade service provider, and four Central Securities Depositories

Sources: Luxembourg insurance regulatory authority (CAA), Luxembourg banking regulatory authority (CSSF), Luxembourg insurance and reinsurance association (ACA), Luxembourg bankers' association (ABBL).

INSURANCE IN LUXEMBOURG

02

INSURANCE IN LUXEMBOURG

Before the second half of the 1980s, the insurance sector in Luxembourg was largely focused on the domestic market. With the gradual development of the European internal insurance market and the introduction of the freedom of services regime at the beginning of the 1990s, the Luxembourg insurance market witnessed significant growth, with foreign insurance companies establishing significant operations in the country. The development of the reinsurance business started in Luxembourg with the introduction of the reinsurance law in 1984. This provided large multinationals and financial institutions seeking reinsurance with a stable and reliable regulatory environment. The Grand Duchy of Luxembourg has nurtured its international and European insurance and reinsurance ecosystems ever since, resulting in its position today as one of the main cross-border insurance and reinsurance centres in Europe.

Stability is the cornerstone of any leading insurance business. The insurance sector in Luxembourg has grown hand in hand with Luxembourg's financial centre, benefiting from its political, economic and fiscal stability and a triple-A rating from all major rating agencies (S&P, Moody's and Fitch).

As with banks and investment funds, insurance companies rely on Luxembourg's international talent pool and its unique cross-border financial expertise. These highly skilled multilingual insurance professionals work alongside a workforce experienced in investment fund management. The insurance industry has easy access to all those skills which are so key to the sector, such as risk selection, underwriting and analytics.

Insurance sales teams in Luxembourg speak the client's language, providing insurance products tailored to clients' specific needs across the EU, fully in line with local country regulations and tax laws. Long-standing cross-border insurance expertise, combined with a competent, dedicated regulator results in world-class international wealth solutions and innovative insurance and reinsurance products for demanding corporate and retail clients.

Luxembourg's traditional strengths in the insurance sector have been in the life and reinsurance domains – however, as a result of the UK's decision to leave the European Union, Luxembourg is taking on an increasingly important role as a major European hub for non-life insurance.

INSURANCE: WHY LUXEMBOURG?

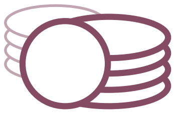
- Luxembourg is a founding member of the EU and is centrally located within the Union
- Access to a large talent pool of +11 million inhabitants harnessing Europe's largest cross-border region
- Unrivalled cross-border expertise of the insurance professionals
- Luxembourg's political, financial and social stability
- A dedicated insurance supervisory authority, the CAA
- Sound legal and regulatory framework compliant with EU Directives
- Strong protection for life insurance policyholders
- International portability and great flexibility in designing life insurance policies
- Access to a wide range of underlying assets and investment vehicles

IN FIGURES

A SOLID AND STABLE ECONOMY

AAA

Rated **AAA** by the three major credit rating agencies



GDP Annual Growth Rate in Luxembourg averaged **3.2%** from 1995 until 2020

24.9%

Low public debt: **24.9%** of **GDP**

2nd

Luxembourg is ranked **5th** financial centre in the EU and **2nd** in sustainability depth

INSURANCE

A responsive dedicated insurance regulator with a solid knowledge of **cross-border insurance** and **reinsurance**, the **CAA**

Cross-border expertise of the insurance ecosystem and access to a **highly qualified** and **multilingual talent** pool

A sound **regulatory** and **supervisory framework**, in line with European directives

Life insurance products in line with the contract and tax legislation of the country of residence of the subscriber

THE MOST MULTICULTURAL COUNTRY IN EUROPE

+180 More than 180 **different nationalities**

1st in the world for **attracting talent**

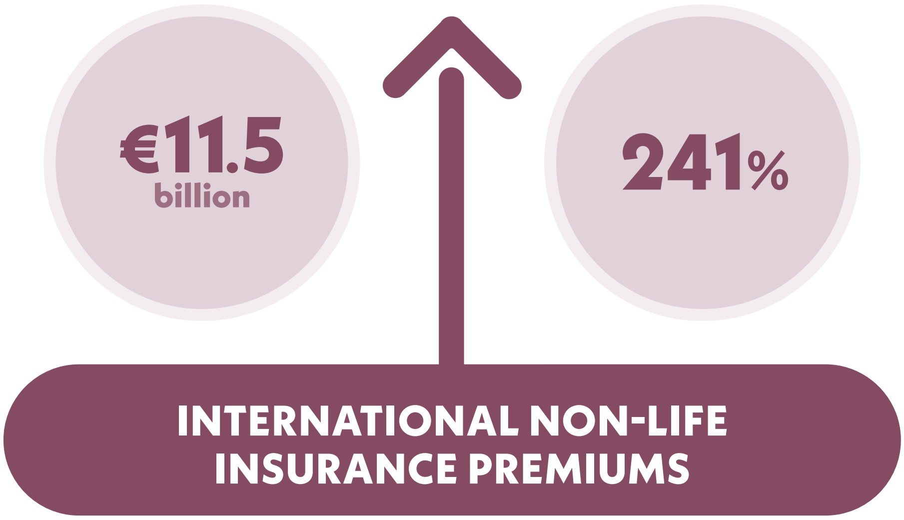
47% of the population is foreign

9th the EU for English proficiency Luxembourg's population speaks an average of **3.6 languages**

Sources: Standard and Poor's (S&P), Moody's and Fitch, EUROSTAT, The Global Financial Centres Index (GFCI), Global Green Finance Index (GGFI), EF English Proficiency Index, INSEAD Global Talent Competitiveness Index 2021.

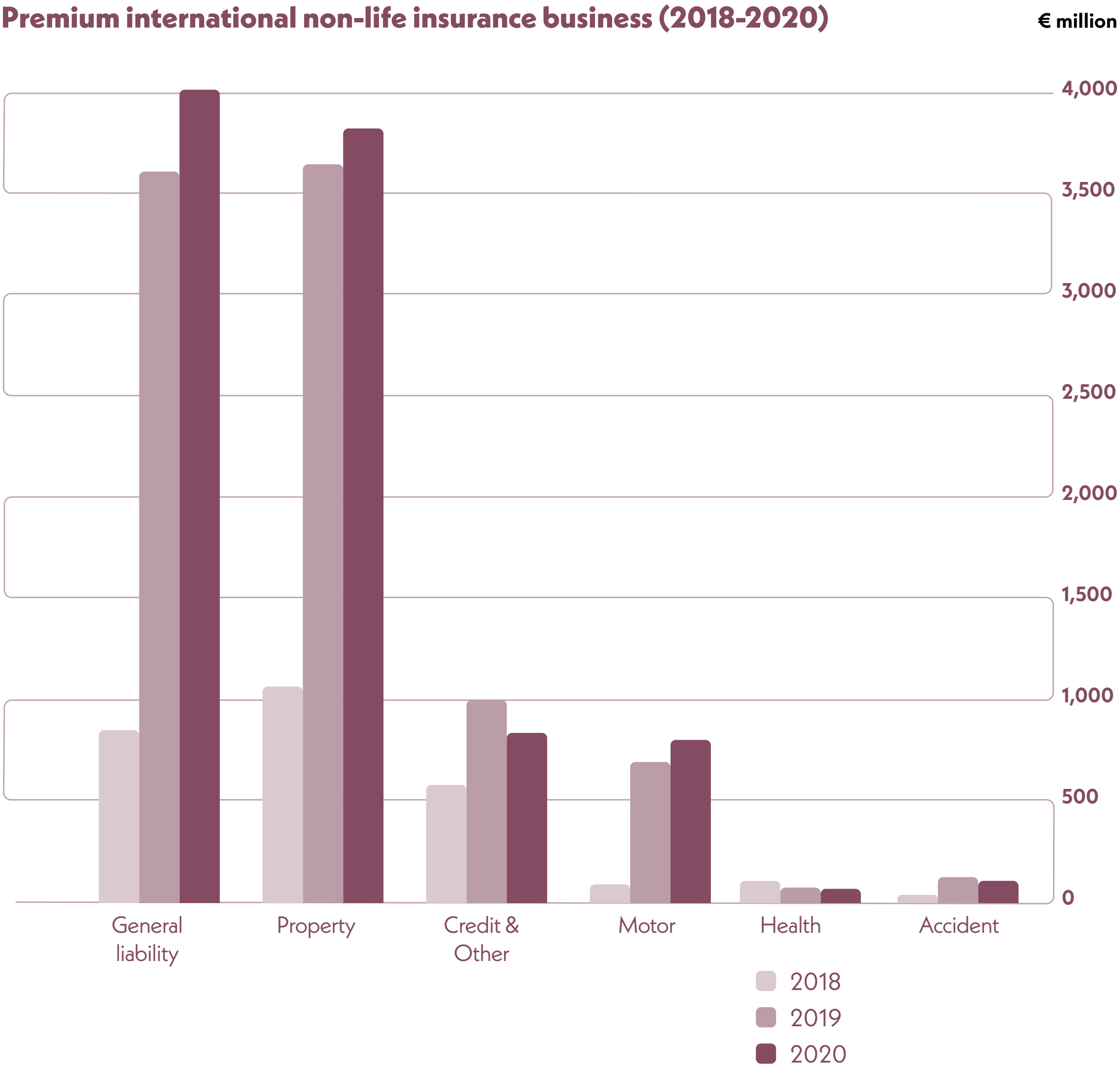
As a result of Brexit, Luxembourg has over the past two years become a major player in the international non-life insurance sector as a number of major international insurers have chosen to establish their post-Brexit EU operations in the Grand-Duchy. With more than €11 bn of direct collected premiums in the international non-life sector, Luxembourg recorded unprecedented growth of +240% in 2019. All these new insurance players have further consolidated the three main areas of non-life insurance: General liability, Property and Credit which account for a total market share of 90% of Luxembourg's international non-life business.

AN INTERNATIONAL NON-LIFE INSURANCE HUB IN THE HEART OF EUROPE



Source: Luxembourg insurance regulatory authority (CAA), Luxembourg insurance and reinsurance association (ACA)

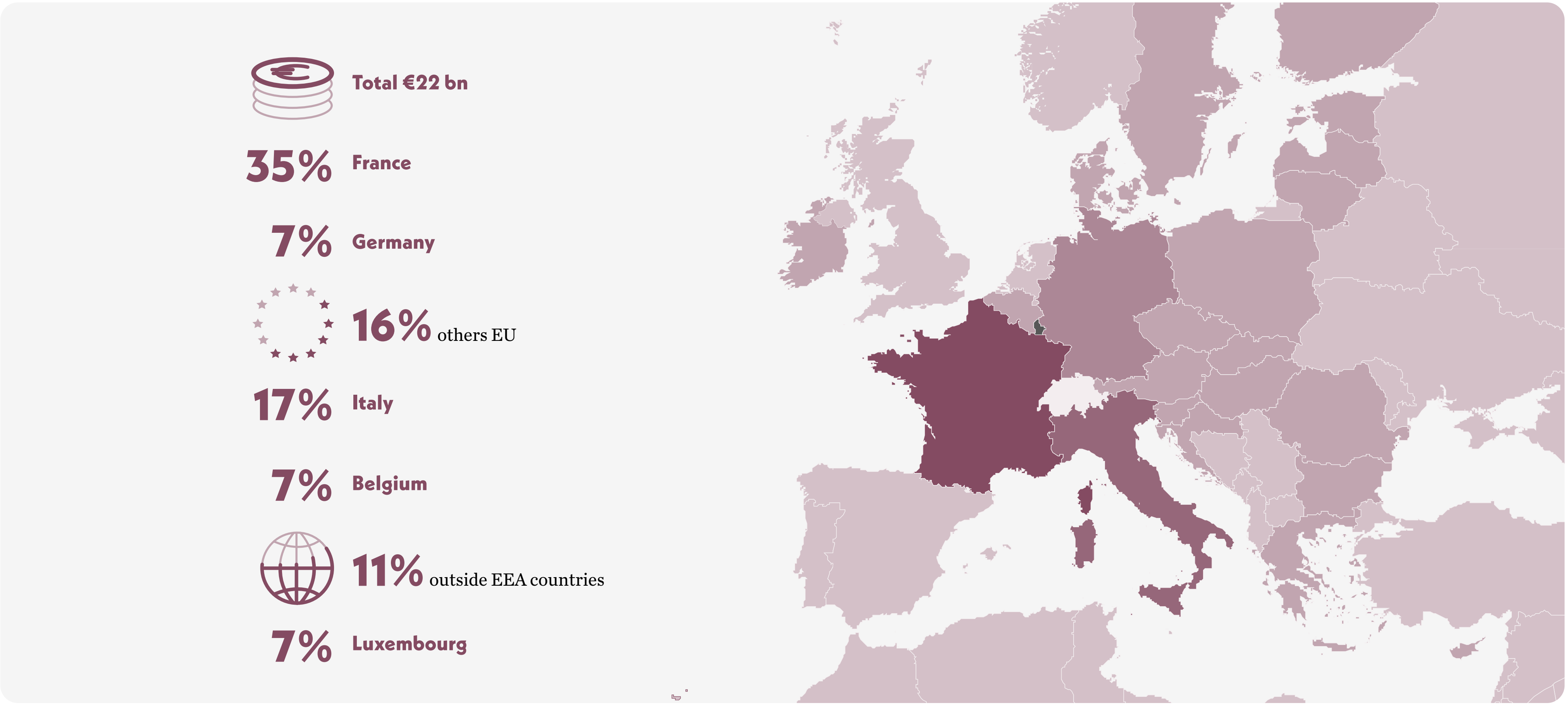
Premium international non-life insurance business (2018-2020)



The national and international non-life insurance sector in Luxembourg reported further growth of 5% during 2020, demonstrating how resilient the market has been despite the severe impact of the Coronavirus pandemic.

Source: Luxembourg insurance regulatory authority (CAA), Luxembourg insurance and reinsurance association (ACA)

ORIGINS OF LIFE INSURANCE WRITTEN PREMIUMS, 2020



Source: Luxembourg insurance regulatory authority (CAA)

Luxembourg is a major player in the European life insurance market. Luxembourg life insurance is a well-known international wealth management tool providing sophisticated solutions to meet the challenges faced by today's highly mobile "world citizens". Luxembourg's multicultural and multilingual financial ecosystem makes it the perfect spot for the cross-border distribution of life insurance products in the European Union and beyond.

FREEDOM OF SERVICES IN THE EU

The Freedom of Services regime, introduced by the third EU life and non-life insurance directives and transposed into Luxembourg legislation in 1992, has been a key building block in the creation of a Single Market for the EU insurance industry. It provides for a single system for the authorisation and financial supervision of insurance companies by the Member State in which they have their head office.

"Free movement of services is a tremendous advantage for any company offering financial services across the EU. Luxembourg has positioned itself extremely well for multinational financial institutions looking for a base in continental Europe from which to access the EU single market."

Thomas Brazil,
CEO, Sompo International Europe

This single authorisation ("European passport") issued by the home Member State provides EU-incorporated insurance and reinsurance companies with EU passporting rights, allowing them to carry on their insurance and reinsurance businesses anywhere in the EU. Insurance businesses can either open an agency or branch in an EU member state under EU rules of establishment or, under freedom of services rules, they can provide services without having to be established in each jurisdiction in which they wish to operate.

"The EU freedom of services regime gives us flexibility in terms of providing solutions to our customers. We have a European company with operations all over Europe and we can service our clients out of Luxembourg. About 60% of our EU business is cross-border."

Thomas Lillelund,
CEO, AIG Europe

A DEDICATED INSURANCE REGULATOR

When an insurance or reinsurance company has its headquarters in Luxembourg it is supervised by the separate and dedicated insurance regulator, the Commissariat aux Assurances (CAA). The legislative framework applicable to insurance contracts distributed in other EU countries by Luxembourg insurers is the one where the contracts are sold, i.e. the country of residence of the subscriber. Consequently, these contracts benefit from the comfort of a familiar framework in terms of language, marketing, contract law and tax legislation. Under Luxembourg legislation, life insurance policies are designed to fully comply with the legal and tax requirements of the subscriber's country of residence.

Luxembourg insurance professionals have developed a unique level of cross-border expertise in this field over the past three decades. The multijurisdictional expertise and multilingualism of the Luxembourg insurance industry and workforce allow insurers to tackle the legal, cultural and linguistic idiosyncrasies of all EU Member States from a "one-stop shop" at the heart of Europe.

Luxembourg insurers tailor their products to the specific requirements of each different European market. By centralising core insurance functions (underwriting, claims and investments) in the Grand Duchy of Luxembourg, European and international insurers benefit from significant economies of scale while reducing the compliance costs of having to set up entities in each separate EU jurisdiction in which they operate.

The introduction of the European Solvency II regime in 2016 substantially changed the Luxembourg regulatory framework for the insurance and reinsurance sector. The regime harmonised the pan- European supervisory system and related insurance regulations. The legislation addresses the amount of capital that European insurance and reinsurance companies must hold to reduce the risk of insolvency. At the EU level, regular reviews of the Solvency II regime have been undertaken since its implementation to ensure it remains fit for purpose.

Luxembourg's insurance regulator the CAA is a public institution, operating under the authority of the Luxembourg Ministry of Finance. It is exclusively in charge of the supervision of the insurance and reinsurance industry in Luxembourg. Its overriding goal is to ensure optimal protection for all subscribers.

"Having a dedicated insurance regulator is great. They understand the language and complexity of insurance. The risk equation is very different from retail banking or investment management. Not all regulators around the world are capable of assessing such internal model frameworks. The CAA is a qualified and expert counterparty."

Thomas Lillelund,
CEO, AIG Europe

The CAA's powers of supervision encompass Luxembourg-incorporated insurance and reinsurance undertakings, including professionals in the sector. Regulatory supervision also extends to activities carried out in Luxembourg by foreign entities through their Luxembourg branches under the Freedom of Services regime.

"We found the CAA to be very responsive to the questions that we asked. They were always professional and supportive throughout the whole process. The fact that we can communicate with them in English is extremely helpful for the company as well."

Thomas Brazil,
CEO, Sompo International Europe

Luxembourg insurance and reinsurance companies, as well as Luxembourg branches and subsidiaries of foreign insurers, must obtain an authorisation before starting operations. Authorisations are approved by the Ministry of Finance, with the CAA doing the work of reviewing, evaluating and granting applications. Each authorisation is insurance branch related and granted to insurance undertakings in relation to one or several specific types of insurance. Authorisations cover different kinds of risks and relate to either the life or the non-life insurance sectors.

"It is important to have a regulator who knows your business, and understands your future needs. I am quite sure that after Covid-19 the needs of our clients will change. In adapting to this, you can have the best ideas in the world, but you will need the support of your regulator if you are going to achieve them. In Luxembourg, you are the regulator's first concern."

Dirk Billemon,
General manager, Liberty Mutual Insurance Europe

Luxembourg insurance law distinguishes between the life and non- life insurance business. An insurance company cannot in principle be authorised to provide both life insurance and non-life insurance services.

Insurance companies in Luxembourg must also have sufficient assets to meet the required solvency ratios and so reassure the authorities that they are financially stable. The direct and indirect shareholding structure of insurance and reinsurance businesses must also be transparent and duly disclosed to the CAA.

LUXEMBOURG LIFE INSURANCE

03

LUXEMBOURG LIFE INSURANCE

Life insurance policies are designed to ensure the financial security of the dependants of the subscriber. Life insurance written in Luxembourg is typical of life insurance anywhere; the policyholder commits to pay premiums to the insurer through the coverage period and at maturity, the designated beneficiaries are entitled to a payment of capital or a pension.

Over the years, however, Luxembourg life insurance has evolved into a sophisticated long-term wealth management solution, meeting the needs of a highly demanding international clientele. It has become a very popular wealth-planning tool for globally mobile clients seeking wealth protection and also a profitable return on the premiums they pay over the life of the policy.

Insurers must meet their policyholders' expectations and ensure that they will have sufficient funds available to satisfy claims and withdrawals in the future. In order to fulfil such future payment obligations, life insurers invest premiums received. The investment policy of life insurers usually requires selecting financial assets with features aligned with the characteristics of each specific contract. For instance, premiums collected in relation to a long-term or lifetime life insurance arrangement are usually invested in long-duration assets to match future pay-outs of life insurance products, such as pensions and life annuities. Insurers' long-term investment portfolios tend to be traditionally geared towards mortgages, real estate and utilities, in addition to bonds and equities.

Apart from investment in capital markets, life insurers adopt sophis- ticated portfolio risk management and diversification strategies to hedge and mitigate insurance risks – such as interest rate risk, credit risk, foreign currency risk and equity-related risks. In addition, mortality risk – such as unexpected changes in mortality and survival rates – also have an impact on insurers' risk and solvency profiles and is therefore carefully monitored.

Today, some of the major foreign life insurers have chosen Luxembourg as their gateway to distribute life insurance products across the EU under the freedom of services regime. Such international recognition assures the Grand Duchy a leading role in the provision of cross-border life insurance services at the pan-European level.

The reasons for this success are multiple and include:

- the cross-border expertise of the insurance ecosystem honed over the last three decades since the very start of the European internal insurance market
- strong protection for subscribers to Luxembourg life insurance policies
- conformity of life insurance products to the contract and tax legislation of the country of residence of the subscriber
- a sound regulatory and supervisory framework, in line with European directives
- an insurance dedicated local supervisory authority, the CAA

Unlike other insurance markets across the Eurozone, the international vocation of the Luxembourg insurance market has been nurtured ever since the introduction of the freedom of services regime in the 1990s and is at the heart of its uniqueness. Luxembourg-based insurers selling solutions under the freedom of services regime or on an international level have one common denominator – an unmatched level of cross-border expertise. This goes for the Luxembourg local insurer to the Luxembourg-based subsidiaries of large foreign insurance groups – they all deploy highly skilled and multilingual insurance experts capable of serving more than 20 different European markets while respecting each market's cultural, legal, tax and linguistic differences.

AN INTERNATIONAL LIFE INSURANCE HUB IN EUROPE

Luxembourg is the leading financial centre for the distribution of cross-border life insurance products in the Eurozone. This is reflected by the presence of close to 40 world-leading life insurance companies in the country, which have built strong expertise in offering tailor-made insurance products, notably unit-linked life insurance plans for globally mobile clients.

The advantages of Luxembourg's multicultural and multilingual ecosystem also apply to life insurance sales and distribution activities. Most foreign life insurers have set up Luxembourg-based subsidiaries, while others decided to provide services across Europe from Luxembourg branches using EU freedom of establishment rules. In both cases, foreign insurers harness their Luxembourg platform to centralise their EU activities and function as a single point of contact for all their clients across continental Europe.

Instead of having to establish a team in each jurisdiction, a firm can simply draw on the expertise of its Luxembourg-based multilingual staff to adapt its products to the requirements of each separate EU market. Given the complexity of international insurers' legal structures, these business models help to lower costs through economies of scale, improve productivity, by reducing duplicated efforts, and ensure decreased regulatory compliance costs, while providing a greater degree of operational flexibility.

Life insurance contracts are a key component of wealth management and are a highly sophisticated and versatile long-term wealth management tool.

Luxembourg life insurance products are key to the success of European wealth management, thanks to:

- their international portability
- flexibility in investment and contract design
- the opportunity to combine Luxembourg life insurance contracts with a wide array of investment fund vehicles

"Luxembourg life insurance policies are internationally portable wealth planning solutions particularly suited to meet the changing needs and expectations of globally mobile high net worth individuals."

Nicolas Limbourg,
CEO, Vitis life

The national and international life insurance sector in Luxembourg has shown resiliency amid the Covid-19 crisis. Revenues from guaranteed-return insurance products decreased as a consequence of the current low interest environment which led insurers to no longer promote this type of products. Nonetheless, premiums attached to unit-linked life insurance products remained somewhat stable during 2020 reporting a 10% decrease, which is explained by the relatively low amount of redemptions.

"In the past when interest rates were high, a lot of our business was based on guaranteed rate solutions. When rates fell, however, this product became less interesting, but there are still some clients who request such investments, not because they are rewarding, but because of the certainty they provides."

Jean Elia,
CEO, Sogelife

The amount of technical provisions for life insurers which exceeded €200 bn for the first time at the end of 2019 stood at €213 bn at the end of 2020. Such remarkable result is linked with the recovery of stock markets from the second quarter of 2020 onwards as opposed to the first quarter of 2020 where financial markets plunged, affecting both share and corporate bonds prices which form a large part of the assets of life insurers.[1]

UNIQUE PROTECTION FOR LIFE INSURANCE POLICYHOLDERS

Triangle of Security

One of the greatest advantages of taking out a Luxembourg life insurance policy is the asset protection mechanism known as the Triangle of Security. The clients of life insurance companies in the Grand Duchy of Luxembourg benefit from a protection regime that is unique in Europe, offering an unparalleled advantage in terms of security. The Triangle of Security ensures the legal and physical segregation of investors' assets on one hand and those of shareholders and creditors of the insurance company on the other. Indeed, the assets associated with life insurance policies are segregated from the insurer's other financial obligations and deposited with a custodian bank approved in advance by the CAA.

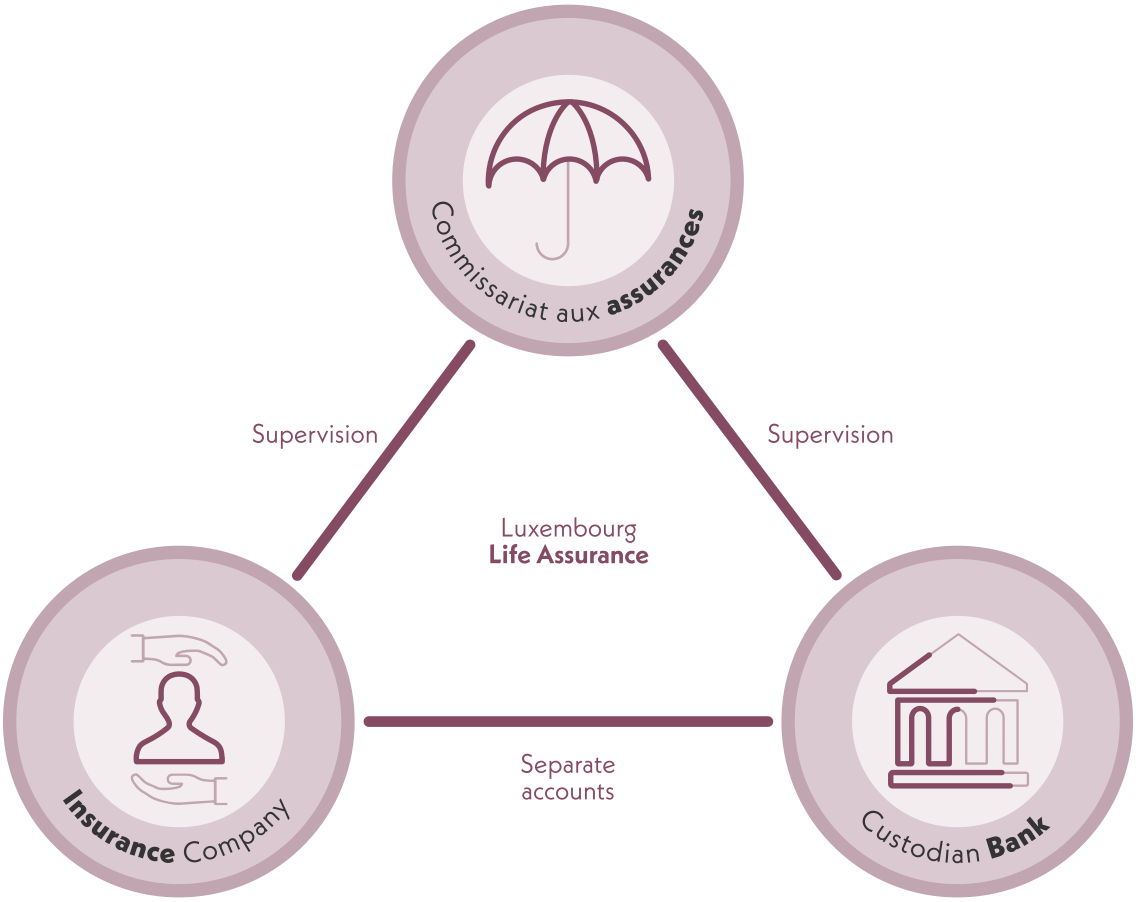
"One of the key strengths of the Luxembourg financial ecosystem is the ability to adapt, to adjust and to tailor to high net worth segment of the market. International clients also seek out Luxembourg for its high level of protection."

Florent Albert,
Managing Director Europe and Group CFO,
Lombard International Assurance

[1] Commissariat aux Assurances (CAA).

The principles underpinning the Triangle of Security regime can be defined as follow:

- An insurer's choice of custodian bank is subject to approval by the dedicated insurance supervisory authority, the CAA. The custody of assets is governed by a tripartite agreement between the Luxembourg insurance company, the custodian bank and the CAA.
- The assets linked to life insurance contracts are separated from the insurance company's other assets and deposited in separate bank accounts. The custodian bank also has the obligation to separate the assets of the life insurance company that are linked to insurance contracts from the bank's other assets.
- By virtue of this tripartite agreement, the CAA may block the assets of a Luxembourg life insurance company directly at the custodian bank in order to protect the policyholders' rights.



The "super privilege" guarantee

Life insurance policyholders also benefit from a "super privilege" over proceeds resulting from the sale of the underlying assets in the event of default by the life insurance company. Subscribers take precedence over all other preferred creditors, even the Luxembourg State Treasury, social security agencies and insurance company employees.

Data protection and exchange of information

Luxembourg legislation guarantees data protection for insurance contracts. All parties involved in the Luxembourg insurance sector have been subject to professional confidentiality since 1991. Nevertheless, this confidentiality with respect to all third parties to a contract does not undermine the obligations of Luxembourg insurance companies towards the CAA nor their responsibilities relating to the various systems for the exchange of information, such as Common Reporting Standards (CRS), the Foreign Account Tax Compliance Act (FATCA) and ultimately the Mandatory Disclosure Rules Directive (MDR) also known as DAC6.

Luxembourg implemented the MDR Directive in March 2020. Also known as DAC6, the MDR Directive is the latest EU initiative regarding automatic exchange of information and is aimed at further increasing tax transparency. The reporting obligations apply to insurance companies to the extent that they qualify as a promoter or service provider of a reportable arrangement. Reportable arrangements are predefined cross-border arrangements involving two or more member states and/or a member state and a third country provided they satisfy at least one of the 'hallmarks' indicated in the DAC6 Directive.

INNOVATION AND FLEXIBILITY IN CROSS-BORDER LIFE INSURANCE

Luxembourg life insurance and capitalisation contracts make it possible to invest in a wide range of assets, including through unit-linked vehicles.

The unit-linked life insurance policy provides the policyholder with the possibility to acquire shares in a wide array of investment fund vehicles investing in equity, bonds, money market assets and alternative asset classes with different levels of risk, geographic exposure and covering a broad spectrum of business sectors.

"In accordance with EU directives on life insurance, the assets underlying insurance contracts fall under Luxembourg law. Luxembourg regulatory framework offers a unique degree of flexibility in Europe with regard to the diversity of investment solutions."

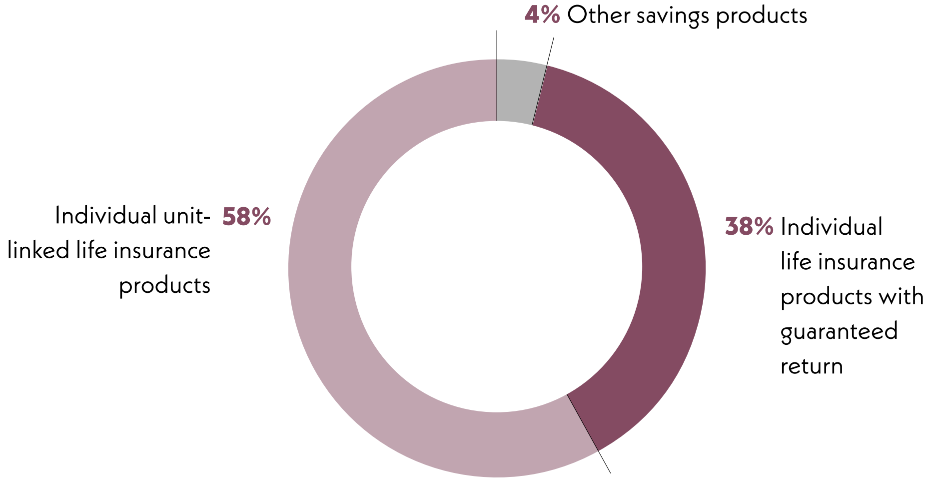
Nicolas Limbourg,
CEO, Vitis life

In this way, the insurance industry complements other key features of the Luxembourg financial centre, including its role as a major global fund centre, a quickly growing alternative investment hub, and a specialised location for international capital market services. Luxembourg offers a wide array of unique investment vehicles, which are internationally known for their quality and flexibility.

The highly versatile and flexible Luxembourg life insurance solutions present a wide range of innovative benefits, in particular:

- **The choice of contract currency**.
- The choice of traditional products with a **guaranteed return**, with premiums invested in the insurer's general fund and a wide range of **unit-linked products**.
- Unit-linked policies with the **option to choose from a range of sophisticated products** allowed under Luxembourg's legal and regulatory framework.
- The opportunity of combining unit-linked contracts with different types of financial vehicle:
  - **Diversified Investment Funds**: Luxembourg life insurance contracts offer access to a broad selection of investment vehicles (FCP, SICAV, SICAR etc.), in this way providing clients with an exceptional investment choice in terms of asset classes, geographical regions, management styles, business sectors and risk diversification.
  - **Internal Collective Funds**: this type of vehicle, ideal for the collective management of contracts, is accessible to a group of investors. They operate like UCITS funds but are managed by the insurer, who frequently delegates the investment management to an Asset Manager.
  - **Internal Dedicated Funds**: depending on the amount invested,it is possible to choose discretionary, customised management. One or more internal dedicated funds may be created exclusively for the contract policyholder(s).
  - **Specialised Insurance Funds, a new category created in 2015 by the CAA**: a subscriber can now introduce active equities into the policy without necessarily relying on a management company.

Breakdown of premiums by type of product, 2020



Source: Luxembourg insurance regulatory authority (CAA), Luxembourg insurance and reinsurance association (ACA)

WEALTH MANAGEMENT SOLUTIONS FOR A DISCERNING CLIENTELE

Luxembourg life insurance products represent a comprehensive long-term wealth management tool, capable of meeting the needs of sophisticated clients operating in an international context and seeking tailor-made solutions.

"Life insurance and wealth management are closely linked. One could not manage without the other."

Florent Albert,
Managing Director Europe and Group CFO, Lombard International Assurance

Flexible estate and inheritance planning

As a result of its flexibility in the designation of beneficiaries, the Luxembourg life insurance contract is one of the most suitable tools for estate and succession planning. There are many benefits for the policyholder, including the ability to decide at his or her convenience, the time of the transfer and the degree of control to be retained over the assets to be transferred.

Life insurance investment contracts allow the policyholder to invest money into a specific asset, which will be returned with interest at the end of the contract (life annuity). In addition, a life insurance policy protects the insured person for the invested capital in case of death or invalidity and allows for a beneficiary of these assets. This gives the subscriber the safety and guarantee of the transfer of his investments to the beneficiary upon a certain date (life insurance).

When drawing up the beneficiary clause, the subscriber of a life insurance can in particular:

- designate multiple and/or successive beneficiaries
- designate unborn children
- designate living or represented beneficiaries
- establish different amounts depending on the beneficiary in order to allocate the amount to be passed on to heirs and third parties, in accordance with the legislation of the country of residence

A familiar legal and tax framework

The tax and legal regime that applies to Luxembourg life insurance policies is solely that of the country of residence of the subscriber and beneficiaries of the life insurance contract – and not that of Luxembourg. Accordingly, income streams on Luxembourg life insurance are taxed only once in the country of residence of the respective beneficiaries.

In this way, taking out Luxembourg life insurance contracts allows the beneficiary to benefit from a familiar framework in terms of legal and tax rules as defined in the respective country of residence. In the same way, in the event of death, the insured capital is transferred to the designated beneficiaries under the legal conditions of the country of the beneficiary.

The vast majority of life insurance contracts in other EU countries benefit from a favourable tax regime. The rationale behind fiscal neutrality lies in the cross-border nature of most of Luxembourg life insurance contracts. The Grand Duchy adopts a neutral approach and therefore does not tax life premiums, capital gains, or the death benefit paid to the non-resident beneficiary of a Luxembourg unit-linked life insurance policy. Neutrality thus ensures that such income is taxed only once and in the country of residence of the policyholder or beneficiary.

Dividends and capital gains under Luxembourg unit-linked life insurance policies are reinvested on a cross-border basis without any additional tax layer in Luxembourg.

LUXEMBOURG NON-LIFE INSURANCE

04

LUXEMBOURG NON-LIFE INSURANCE

Non-life insurance can be broadly defined as any type of insurance other than life insurance – also referred to as general insurance, or property and casualty (P&C) insurance. General insurance includes many types of insurance policies covering people, financial institutions, and property including maritime vessels, financial contracts or legal liabilities.

Insurers have a long history helping banks and other financial institutions balancing profitability and risk exposure. Financial companies must deal with a myriad risk management challenges, such as global and local economic hardship, regulatory pressures, internal employee misconduct, executive liability, as well as cyber security threats.

Today, non-life insurers provide financial institutions with all types of insurance coverage tailored to the needs of each specific credit exposure including a broad range of assets such as securities financing transactions, securitisation, large corporate and SME loans, derivatives instruments and interest rate swaps.
In doing so, insurers have also become increasingly involved in structuring financial transactions with banks. This has been especially true of credit risk transfer markets, leading to an increase in the linkages between banks and the insurance industry.

The Luxembourg non-life insurance sector in particular plays a pivotal role in the financial industry's ecosystem, providing European and Luxembourg-based banks and financial institutions with insurance coverage for financial and transactional risks. By intermediating its own insurance risks and developing new financial instruments, the insurance industry also helps to bridge the gap between banking and insurance products.

The Grand Duchy has over the past two years become a cross-border hub in the non-life insurance sector as a number of major insurance companies have chosen to set up their post-Brexit EU headquarters in Luxembourg. The decision of major global non-life insurance companies to base their European hub in Luxembourg was taken for a combination of reasons following due diligence of alternative EU financial centres.

The greater part of the insurance business written in Luxembourg finds a market in continental Europe and Luxembourg's central location at the heart of the EEA is certainly a competitive edge. The multinational make- up of the Grand Duchy's workforce also helps insurance firms tackle the cultural and linguistic barriers to marketing cross-border financial and corporate insurance services in other European member states.

The international outlook and availability of expertise on a variety of markets, from a regulatory perspective as well as commercial considerations, within the Luxembourg financial ecosystem also provides insurance companies with valuable input and comparison factors which help insurers perfect their business models and expand into additional EU markets.

NON-LIFE INSURANCE GAINING STRONG MOMENTUM

Brexit relocations

Luxembourg has seen remarkably strong interest from insurance companies looking to relocate the base of their European activities and ensure continued access to EU clients following the UK vote to leave the EU in 2016.

"Europe remains a key strategic market for us. Brexit didn't change that. On the contrary, a lot of our policyholders are quite happy to have their risk carrier in the EU, with close proximity between our branches and their operations."

Dirk Billemon,
General Manager, Liberty Mutual Insurance Europe

More than a dozen UK-based insurers have announced plans to move to Luxembourg and make it their new EU financial hub. Many of them are international non-life insurance undertakings. Maintaining access to the Continental European insurance business is a key strategic interest for many international non-life insurers. As a consequence, insurers formerly based in the UK have been shaping strategies to retain their EU passporting rights by the establishment of European subsidiaries in Luxembourg.

"It is crucial for any company with global ambitions to be well represented within the European insurance market. Europe is a huge and mature insurance marketplace for us."

Thomas Brazil,
CEO, Sompo International Europe

With more than €11 bn of direct collected premiums in the international non-life sector, Luxembourg recorded unprecedented growth of +240% in 2019. All these new insurance players have further consolidated the three main areas of business: General liability, Property and Credit which account for a total market share of 90% of Luxembourg's international non-life business.[2]

[2] Luxembourg insurance and reinsurance association (ACA)

"Europe has a population of more than half a billion and is also an important market from a premium perspective. Growth rates in terms of insurance premiums across the EU are still outpacing inflation. This coupled with a well-educated customer base who appreciates the values of what insurance does for the economy and for society makes it a formidable region at many levels."

Thomas Lillelund,
CEO, AIG Europe

The non-life insurance segment reported further growth of 4.67% during 2020, despite the Covid-19 pandemic, which is no longer attributable to Brexit relocations given that the newly established international insurers are working at full capacity since the end of 2019.[3]

The rise in natural catastrophes at the global level and the Covid-19 global pandemic have prompted European insurers to further update their risk assessment models for more accurate pricing and narrower coverage gaps within all insurance service lines.

At the heart of Europe

Luxembourg is a founding member of the EU and is centrally located within the Union. The country has a long record for financial and political stability and an experienced and well-respected dedicated insurance regulator expert in cross-border insurance solutions.

"Luxembourg is located in the heart of Europe and is home to many EU institutions. That coupled with a strong economy, a stable political landscape and a solid infrastructure really creates an environment of stability."

Thomas Lillelund,
CEO, AIG Europe

[3] Luxembourg insurance regulatory authority (CAA)

Whilst some insurers have set up subsidiaries in Luxembourg to ensure continued access to the EU internal market, other global players have decided to use Luxembourg as a complementary financial hub to reinforce specific links in their global value chain, such as their capital market activities. In such cases, the Grand Duchy is not pursuing a strategy of enticing firms away from their current domicile. Luxembourg's approach is one of highlighting its potential role as a complementary financial hub to a firm's existing base of operations. In this way, Luxembourg's financial sector cluster supports global insurers access new EU markets by leveraging the country's thriving and well-established financial ecosystem.

"We benefit from a stable country with AAA rating and a very well respected regulatory and legal environment. Luxembourg's central location in the EU and its proximity to France, Germany and Belgium give us access to a lot of great qualified staff. The Luxembourg talent pool is pretty deep, particularly for the type of business that we do."

Thomas Brazil,
CEO, Sompo International Europe

From a talent angle, the post-Brexit migration of these insurers to Luxembourg has boosted the non-life insurance sector's revenues as well as demand for qualified employees, so fostering the further development of specialised insurance expertise and has led to a significant increase in employment in the sector over the last two years.

"Luxembourg is an attractive country to live in. That makes it easy to move people here. We are currently growing our management team. A few people have come from London, the others will be recruited in Luxembourg."

Dirk Billemon,
General Manager, Liberty Mutual Insurance Europe

FINANCIAL SERVICES INSURANCE AND RISK-TRANSFER SOLUTIONS

Insurance solutions for financial companies

The non-life insurance industry is fundamental for the well-being of banks, businesses and financial institutions and also for the effective functioning of capital markets. Insurers provide financial companies with insurance coverage for their credit and financial risks while developing complex financial products which are capable of creating intertwined connections between banking and insurance financial instruments.

Financial institutions fall back on a wide range of insurance products designed to protect them from credit risk exposure from their financial transactions. For instance, when raising capital from the public through a securities offering (IPO), insurers offer coverage against some of the risks of 'going public', for every party involved in the transaction and for the duration of the exposure. In the case of securitisation, banks could be required to hold additional capital to protect against exposure to the securitisation vehicle. By purchasing an insurance policy to insure their exposure, banks can effectively transfer the credit risk from the unrated securitisation vehicle to the rated stable insurer and so reduce the capital needed to offset this risk. When structuring M&A transactions, insurance solutions such as Warranty & Indemnity (W&I) provide buyers with coverage for financial losses which could arise from breaches of guarantees and from claims attached to any tax indemnities.

In the funds industry, investment managers including hedge funds and fund-of-fund managers mainly investing in equities, bonds, and related derivative products, seek insurance coverage against claims deriving from financial market volatility and the related decline in returns. In the alternatives landscape, a Luxembourg-based private equity fund may seek insurance against breach of warranties in a share purchase agreement in order to be able to distribute the proceeds of the sale to international investors more quickly.

Insurers and credit risk transfer markets

Insurers traditionally transfer the credit risks they insure against, either by directly accessing capital markets using financial instruments and derivatives or resort to reinsurance vehicles.

Insurance-Linked Securities (ILS) are financial instruments designed to transfer various types of insurance risks onto the capital markets. As growth in the global demand for insurance has exceeded that of traditional reinsurance schemes, insurers and reinsurers are increasingly tapping into the ILS market.[4] ILS provide help insurers diversify their portfolios

> **"Luxembourg is a very good country to develop new financial and insurance products. Whether in the form of classic insurance products or alternatives like insurance-linked securities, it is essential that financial markets can offer risk transfer schemes. In this way, insurance companies are central to the financial market."**
>
> **Dirk Billemon,**
> General Manager, Liberty Mutual Insurance Europe

[4] PIMCO, August 2019 – Insurance-Linked Securities: Seeking returns Beyond Traditional Assets

and so safely navigate periods of financial market distress.[5] The performance of ILS is driven by natural events, such as natural disasters and has very low correlation with financial markets and traditional asset classes, whose returns are determined by economic indicators, corporate performance and often geopolitical developments.

In the non-life insurance sphere, the most famous ILS instruments are catastrophe bonds or "cat" bonds. In recent years, however, the increase in catastrophic losses and capital management needs in insurance, coupled with technology developments, has led to the emergence of innovative risk-financing hybrid techniques in the insurance industry.[6] Such hybrid products combine features of reinsurance with new financial instruments that provide direct access to capital markets.

Insurers also make use of credit derivatives markets and still own large amounts of Credit Default Swap (CDS) contracts, although insurance sector investments in derivatives were drastically reduced following the global financial crisis.[7] Policyholders pay premiums to the insurer to buy insurance protection. For insurers, the interest risk is represented by the fact that they will pay policyholders in the future but the cash flows from bonds and stocks are received before paying policyholders and changes in interest rates can create a gap between current inflows and future outflows.[8] Insurers therefore make use of insurance derivatives to hedge the risk that the cash inflow from bonds and stocks will not match future outflows to policyholders.

Luxembourg's complementary expertise

Luxembourg is a leading financial hub where international insurers can benefit from proximity to global banks, capital markets and the largest fund industry in Europe. This makes it the perfect playground for the development and tailoring of complex insurance coverage solutions which are perfectly adapted to the needs of financial institutions and investment funds.

Luxembourg's best-in-class capital markets infrastructure, along with its consolidated cross-border financial services expertise, make it the perfect fit for insurance companies requiring an international and stable platform for trading ILS and derivatives to hedge insurance risk. This nicely illustrates that Luxembourg is not necessarily drawing insurance firms away from their home countries but rather acting as a competence centre for global insurance groups wishing to reinforce certain parts of their global value chain.

[5] Schroders, August 2019 – What are Insurance-Linked Securities and how do they work?

[6] J. D. Cummins - P. Barrieu, 2013 – Innovations in Insurance Markets: Hybrid and Securitised Risk-Transfer Solutions.

[7] European Central Bank, December 2009 – Financial Stability Review.

[8] International Association of Insurance Supervisors, Global Insurance Market Report 2018.

CASE STUDY: SWISS RE

LUXEMBOURG, THE FINANCIAL HUB OF CHOICE FOR TRADING DERIVATIVES AND ILS

A good example of such complementarity is Swiss Re, a major Swiss reinsurance firm, which has set up its capital markets unit in Luxembourg to adjust their operational set-up for some very specific products, which were previously sold through their London office.

These products are weather derivatives and ILS, which required continuous access to the European single market. Luxembourg is Europe's financial hub of choice for ensuring continuity in the ILS businesses of major insurance players in the aftermath of Brexit.

"Given our excellent experience with Luxembourg in the past, it was just a natural choice to also create this new company, SwissRe Capital Markets Europe S.A., in Luxembourg. This new company is regulated by the CSSF, as its activity falls into the investment firm category. Establishing this carrier, we brought two previously unknown types of products to Luxembourg."

Ivo Hux,
General Manager, SwissRe Europe

DIGITALISATION OF NON-LIFE RETAIL PRODUCTS AND MICROINSURANCE

Digitalisation is fundamentally reshaping how non-life insurance products are consumed and perceived at the retail level.[9] Customers seek out non-life insurance cover and related services that better fit their lifestyles or are tailor-made for an increasingly digitalised economy.[10]

Digital insurance products and the availability of new ways of purchasing policies are changing the way consumers make decisions as well as their preferences. Consequently, retail non-life insurers are finding new ways to master digital distribution of their non-life insurance offering for a predominantly digital world. These changes reflect the profound paradigm shift that is taking place in the non- life insurance industry – the transition from a product-centric to a customer-centric business.[11]

The rapid increase in technological developments in financial services, such as Big Data, Cloud, Artificial Intelligence (AI) and Blockchain, is enabling the insurance industry to provide holistic and interactive non-life insurance products in a quicker and more cost-effective way.[12]

The Luxembourg financial ecosystem provides the insurance industry with all necessary means to embrace this global digital challenge, with strong partners and a whole array of complementary financial services through which insurers can provide a holistic retail risk experience. FinTech ecosystems are pivotal to nurturing the technological innovation needed to make insurance companies and risk management more efficient and improve the overall customer experience. By attracting and nurturing FinTech innovators, Luxembourg supports insurers in navigating the ever-changing FinTech landscape, encouraging them to seek new partnerships and invest in innovation.

"Everyone wants to be a start-up nation, but Luxembourg has the financial expertise to attract FinTech companies. For a company targeted at micro-finance, there is a double advantage: Luxembourg is at the core of microfinance in Europe and one of the leaders in terms of satellite technology."

Simon Schwall,
Founder and CEO, OKO

[9] McKinsey & Company, Digital Insurance in 2018.
[10] Deloitte, A Demanding Future – The four trends that define insurance in 2020.
[11] Ernst & Young, 2020 Europe Insurance Outlook.
[12] PwC Luxembourg, 2017 Technology takes insurance to a new level.

"Luxembourg offers all the building blocks for a future-proof financial sector. The country has always been very supportive to start-ups. Our type of venture is a marathon and having this kind of support around you is a game-changer."

Maria Mateo Iborra,
Co-Founder, IBISA

CASE STUDY: LALUX ASSURANCES

SOLID PARTNERSHIPS WITH FINTECH STARTUPS FOR A WIN-WIN INNOVATIVE COLLABORATION

Thanks to its partnerships with EarthLab Luxembourg and IBISA, LALUX Assurances has initiated a solid collaboration to jointly develop innovative projects in the field of InsurTech.

IBISA is a Luxembourg-based microinsurance platform that leverages blockchain and Earth Observation satellites' data to unlock affordable crop insurance in developing countries.

IBISA's mission fits well into LALUX's ambitions: increase digitalisation, leverage new technologies while defending strong ESG principles that are at the root of mutualisation and insurance.

LALUX extensive experience of risk structuring and risk transferring has been instrumental for IBISA in the design of its overall solution. They also opened its network to facilitate IBISA's relations with reinsurers. Moreover, LALUX sponsored and joined IBISA at the US Consumer Electronics Show in 2019, where IBISA won the second prize at "Pitch MY Global Village".

This strong cooperation illustrates the deep bonds linking InsurTechs and traditional insurers for a win-win cooperation based on mutual support and sustainable growth.

"Satellite Earth Observation technologies drastically reduce costs. They play a key role in the design of our risk models and in the loss assessment process. Blockchain, on the other hand, is at the core of our solutions. We use Blockchain to automate our back-office, mutualise risk in a decentralised way and spread operating costs between stakeholders."

Maria Mateo Iborra,
Co-Founder, IBISA

EarthLab Luxembourg is a Luxembourg-based startup founded in 2015 by four operators from the space and ICT sectors. Its mission is to associate AI and earth-observation data to provide high-value information to the world of insurance and finance.

LALUX and EarthLab Luxembourg have signed a partnership in 2017. EarthLab Luxembourg has provided cutting-edge technical skills in data processing and AI to LALUX in order to translate the insurer's business needs into technical language. Just like in innovation clusters, the topics dealt with are broad and varied: risk assessment, portfolio analysis, and fraud are all subjects on which the two actors have been working, and some of these projects are already at the POC stage or undergoing commercial testing.

"For LALUX, the developments related to FinTech are real opportunities to reinvent ourselves to better meet the changing expectations of our customers. Our partnerships allow us to keep abreast of the latest breakthroughs and together assess their potential for improving our services."

Christian Strasser,
CEO, LALUX Assurance

Embracing innovation with artificial intelligence

The emergence of AI, Blockchain solutions and cyber insurance services, which address the increasing regulatory requirements around consumer data protection, are driving fundamental changes across the insurance industry's value chain at the European and global level.[13]

CASE STUDY: FOYER GROUP

INNOVATION AND DATA AT THE HEART OF THE STRATEGY

At the heart of the corporate strategy of Foyer, a leading insurance and reinsurance group in Luxembourg, innovation and data play a key role in the development of new products and services, among others through its Innovation Hub and its Data Studio.

The company is relying on AI and machine learning techniques, for their potential in terms of process automation, in order to improve the efficiency and quality of service, but also in terms of prediction, particularly in the fight against fraud.

OPEN INNOVATION: THE KEY TO SUCCESS

As a pillar of its innovation governance since 2016, open innovation enables Foyer to collaborate with the FinTech ecosystem both in Luxembourg and abroad, particularly on the subject of AI.

In this context, Foyer has concluded several international partnerships on AI-related subjects, for example with the American FinTech Datarobot on fraud detection, or with the Belgian startup Chatlayer, with whom it built Léonie, its first internal chatbot.

When it comes to FinTech startups specialised in AI, Luxembourg's FinTech ecosystem has many resources in the field, notably through the Luxembourg House of Financial Technology (LHoFT), of which Foyer has been a board member since its creation. The LHoFT, Luxembourg's dedicated FinTech hub, is home to the FinTech Lingua Custodia, a startup providing AI-powered financial translations. For almost a year now, Lingua Custodia has developed its first machine translation engine dedicated to insurance in partnership with Foyer Group, a real asset for Foyer in an environment as multilingual as Luxembourg.

[13] Ernst & Young, 2020 Global Insurance Outlook

"Our top priority has always been to adapt to the constantly evolving needs of our clients. I am convinced that innovation and the exploitation of Data have become essential. Thanks to our actions within the open innovation ecosystem in Luxembourg and abroad, Foyer has succeeded in forging technological partnerships using AI in fields as varied as automatic document translation, fraud detection or the development of intelligent chatbots. This makes our processes even more reliable and efficient while creating value for the company, benefitting all our customers."

Marc Lauer,
CEO, Foyer Group

The increasing importance of mobile apps

Innovation and digital transformation should not be confined to non- life insurance product offering, it also needs to reshape the customer experience. Customer expectations are on the rise. Consumers want simplicity and convenience when accessing insurance services.[14]

For instance, a single digital customer point of contact is better than an exhausting, paper-based procedure to buy an insurance contract.[15] Internet and mobile apps continue to influence consumer purchasing patterns and are redefining insurance distribution channels. In Luxembourg, non-life insurers are investing heavily in internet and mobile apps to provide their retail customers an interactive experience through mobile self-service app solutions, so reducing distribution costs and achieving economies of scale.

[14] Ernst & Young, 2020 Europe Insurance Outlook.
[15] McKinsey & Company, Digital Insurance in 2018.

CASE STUDY: BÂLOISE

TELEMATICS-BASED CAR INSURANCE SOLUTIONS

Bâloise Assurances Luxembourg, the Luxembourg-based subsidiary of the well-known Swiss insurance group, launched in 2015 its new free application called "Game of Roads", developed in collaboration with Motion-S, a University of Luxembourg spin-off and resulting from a project supported by the Luxembourg National Research Fund (FNR).

First developed in the USA by the most innovative insurance groups, the revolutionary app for the Luxembourg market is aimed at anyone who wants to improve their driving skills while having fun and challenging their friends. In this way, Bâloise showed its committed to raising awareness on road safety while supporting Luxembourg's talent pool and FinTech ecosystem.

The company has further developed and innovated its app in the car insurance market with the launch of "GoodDrive" in 2017, the very first and only telematics-based car insurance solution, also known as connected car insurance.

The idea is simple. Telematics involves measuring the quality of a person's driving – speed, use of the vehicle, insured risk and driving style in real time. Young drivers – license holders for less than 8 years – who drive sensibly can make huge savings – up to 30% – on their car insurance.

"We take the topic of safety very seriously and are constantly trying to increase people's consciousness. In addition, working with Motion-S, a start-up in Luxembourg, has allowed us to encourage and support young talents."

Romain Braas,
CEO, Bâloise Assurances Luxembourg

Microinsurance solutions for SMEs

Microinsurance is also seeing increasing demand and is becoming a significant product line for European insurers. Microinsurance covers smaller and specific risks, such as a single event or journey. It allows consumers to pay only for the insurance they need, and only when they need it.

Microinsurance was originally conceived to help small businesses which could not afford traditional insurance coverage. It has been particularly successful in developing countries. Insurers now offer a variety of insurance products tailored to smallholders' needs. In parts of West Africa and India smallholding farmers use it to insure their crops.

CASE STUDY: OKO

HARNESSING MOBILE AND SATELLITE TECHNOLOGIES TO PROVIDE AUTOMATED CROP INSURANCE

OKO, a Luxembourg-based InsurTech founded in 2017, harnesses satellite data and a mobile payment system to distribute affordable index-based crop insurance directly to farmers in Africa and deliver instant claim settlement when facing adverse weather conditions. In addition to insurance, farmers can benefit from weather alerts, farming tips and access to affordable micro-credit.

Only large industrial farms are currently covered by traditional insurance in Africa. Insurance companies cannot serve smaller farms which are unbanked and remotely located. Access to affordable agricultural insurance for smallholder farmers is challenging with average penetration rates of 0.5%. InsurTechs are sparking a revolution within the microinsurance industry and are acting as key partners to big insurance players in building small farmers' resilience. That is where OKO comes into play leveraging mobile and satellite technologies to provide automated crop insurance to emerging countries thus ensuring financial safety to smallholder farmers.

OKO's technology fully automates insurance contracts, indexed to rainfall and other indexes to validate claim with no human intervention required. The company takes advantage of a cloud-based policy management system connected to mobile money and SMS-gateways in order to be accessible on any device. It is a win-win situation: farmers don't need to submit a claim and insurers don't need to send over a claim adjuster.

"Traditional insurance products are not yet able to successfully penetrate due to the heavy operational costs associated with the distribution of their products, premium collections, claim verifications or payment."

Simon Schwall,
Founder and CEO, OKO

MARITIME INSURANCE

An established maritime business sector

At the beginning of the 1990s, Luxembourg took its first steps towards the creation of the maritime business ecosystem which today serves the needs of shipowners and shipping investors. The process started with the ratification of conventions governing safety, working conditions and environmental protection, as well as the development of a competitive regulatory framework.[16]

It might be surprising that such a development takes place in a landlocked country, but as the EU Commission wrote in its 2006 Maritime Policy Green Paper, the maritime economy has a far-reaching impact, going well beyond coastal regions.[17]

Shipowners, shipping investors and marine insurers come together in Luxembourg's financial centre to conduct their business. Luxembourg boasts a reliable legal framework for optimising and enforcing the safety of vessels, while ensuring robust creditor protection in line with international standards. Such a regulatory system makes Luxembourg a trustworthy jurisdiction in which to register internationally mobile shipping assets. Luxembourg-registered shipping also has white flag status, a recognition of its spotless record for safety, security, environmental and crew welfare standards.

The Grand Duchy's cross-border fund expertise also provides shipowners and marine insurers with access to international capital markets and innovative private equity and high-yield investment products to finance fleet renewal and expansion.

[16] Ministry of the Economy and Foreign Trade, Luxembourg, an alternative location for shipping business.

[17] EU Commission, 2006 GREEN PAPER – Towards a future Maritime Policy for the Union: A European vision for the oceans and seas.

The rise of maritime insurance

Although the UK still dominates the European maritime insurance market, major British- and overseas-regulated ship insurers recently opened subsidiaries in Luxembourg to maintain access to the EU's financial market.

Luxembourg's central location in continental Europe was a key attraction for maritime insurance businesses establishing post-Brexit operations in the EU. The successful relocation of major international maritime insurers also confirms the importance of the cross-border insurance expertise found in the Grand Duchy.

Marine insurance, the oldest form of insurance, is a fundamental component of any maritime business ecosystem. Marine insurers protect shipping companies and cargo owners against the loss of a ship and/or cargo. They also help to manage risks in the event of accidents, damage to property or the environment, or loss of life. The risks can be high in the maritime industry; there is the risk of losing expensive cargo or valuable ships, as well as the risk of damage to the environment as a result of oil pollution, for example.

The Luxembourg maritime cluster

Maritime companies, service providers and some of the major global insurers are members of the Luxembourg Maritime Cluster (LMC). It is a non-profit public-private organisation acting as the voice of the Luxembourg maritime economy and promotes and safeguards maritime-related services for its stakeholders, including maritime insurance undertakings.

Another important element of the Luxembourg marine insurance industry is the presence of two major protection and indemnity (P&I) insurance clubs regulated in Luxembourg, namely the Shipowners Club and West of England P&I Club. P&I insurance clubs provide insurance cover for their shipowner members on an independent non-profit mutual basis.

The *Commissariat aux affaires maritimes* (CAAM) is charged with various statutory functions under Luxembourg's 1990 Maritime Act. It reports to the Ministry of Economy and is responsible for guiding applicants through the process of vessel registration and qualifying to fly the Luxembourg flag. It also supervises maritime companies and their managers and monitors developments in international and local maritime laws and regulations.

Tax neutrality of marine insurance policies

Insurance companies operating in Luxembourg on a freedom-of-services basis and Luxembourg branch offices of foreign insurers are subject to an Insurance Premium Tax which must be filed for each quarter. However, Luxembourg marine insurance policies are subject to tax neutrality. The applicable fiscal regime is in principle only that of the state in which the subscriber and beneficiaries of maritime insurance policies reside.

LUXEMBOURG REINSURANCE

05

LUXEMBOURG REINSURANCE

The role of reinsurance in the transfer of insurance risk

Reinsurance is essentially insurance for insurance companies. It is taken out by insurers to cover highly damaging but highly unlikely risks – in other words major catastrophes. Reinsurance is offered both by specialised reinsurance firms, and by other insurance companies which may have a reinsurance arm.

The vast majority of reinsurance companies in Luxembourg are of the "captive" type which means they are subsidiaries of international groups and their principal objective is that of reinsuring the risks of the other companies in the group. Captive reinsurance is essentially an "in-house" insurance entity created to insure the parent company and its affiliated companies.

There is no difference in the European and Luxembourg domestic legislation between standard reinsurance companies and captives, both in terms of activities and taxation, but a captive largely restricts its activities to reinsuring other members of its group. Both captives and non-captives operate in a regulatory framework defined at the EU level by the Reinsurance Directive, transposed into Luxembourg legislation in December 2007, and by the Solvency II Directive, transposed in December 2015.

Functioning of a typical captive reinsurance scheme

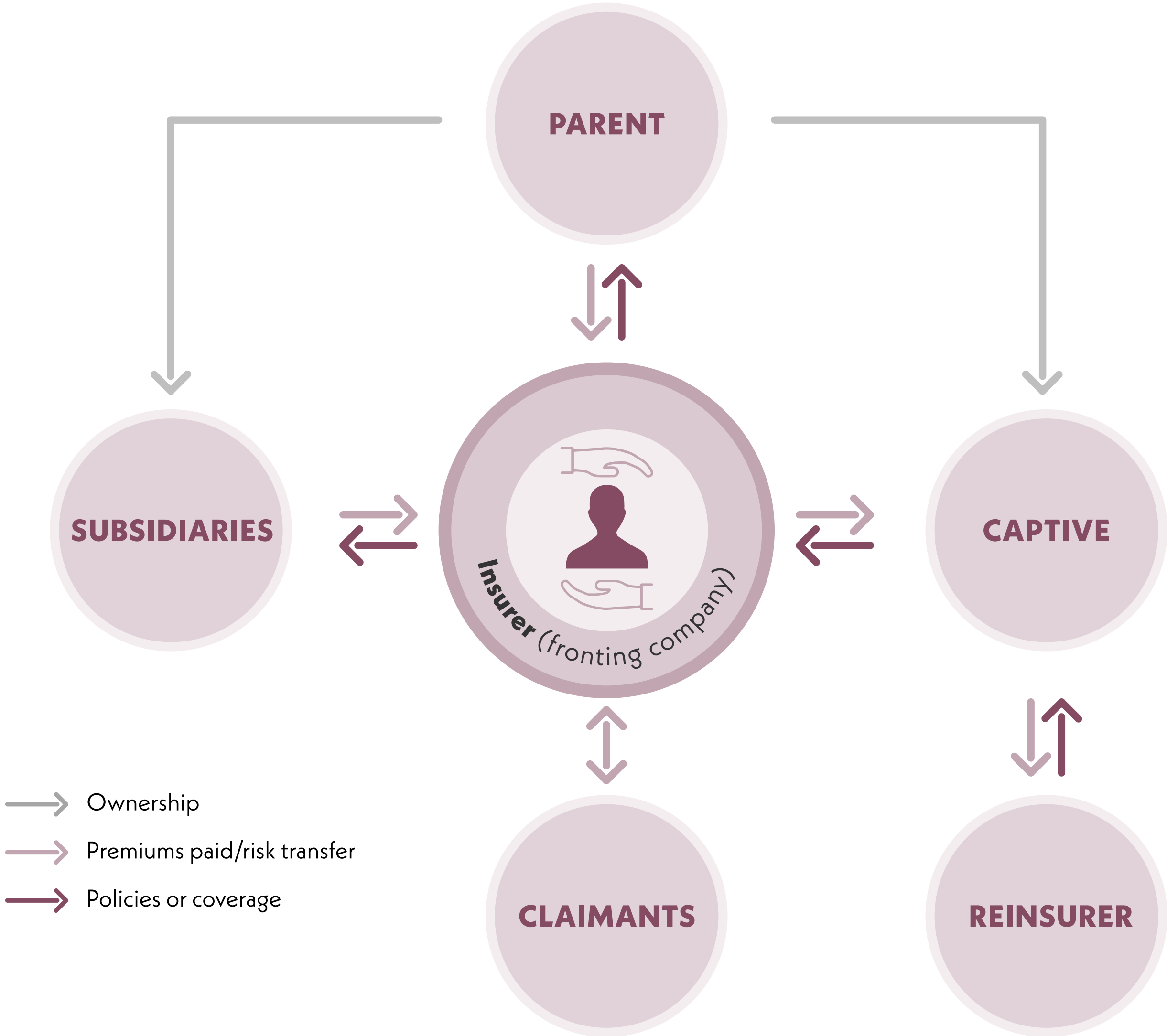
In a captive reinsurance scheme, there is a flow of cash between the different businesses of a corporate group, i.e. the parent company, the fronting company and the captive reinsurance business.

The parent company and affiliated entities basically "self-insure" their risks using their own captive reinsurance company. The captive reinsurance provides the parent company or its affiliates with insurance coverage for risks that they wish to retain, and the insured entities pay a premium to the captive in return.

Setting up a captive – the rationale

There are several benefits of captive reinsurance. The premiums paid to the captive by the parent and affiliates of the group and the attached captive's underwriting profits can be retained within the international group and used to finance the business activities of the other subsidiaries of the group.

The captive reinsurance, being an "in-house" reinsurance solution, allows its owner to tailor the insurance to suit the group's specific requirements. In particular, international groups with different types of risks in different geographic locations may often have to purchase insurance policies from local



providers. A captive can create a "one-stop shop" within the group, enabling the owner of the captive to allocate deductibles for each risk or territory. The captive also centralises the risk management strategy of the international group, allowing for a better overall assessment of the group's risk exposure and losses.

A leading reinsurance hub in Europe

Luxembourg is the largest captive reinsurance market in the EU. International companies from all over the world have established around 200 reinsurance undertakings in the Grand-Duchy.

"For several decades, Luxembourg has stood out as a financial centre specialised in fund management. However, it is also a well-established big captive reinsurance hub and many of these captive reinsurance companies are also clients of major insurers."

Thomas Lillelund,
CEO, AIG Europe

FUTURE CHALLENGES FOR THE INSURANCE INDUSTRY

06

FUTURE CHALLENGES FOR THE INSURANCE INDUSTRY

Insurance helps manage financial risks and protects against potential losses, so the insurance industry has always been active in risk management and has often provided an early warning of looming economic, financial and social dangers. Through loss prevention and mitigation, risk-sharing, and as large institutional investors, insurance companies have protected businesses and households, shaped financial markets worldwide and boosted economic development.

The insurance sector has traditionally been regarded as a relatively stable segment of the financial services industry, because of the predominantly long-term investment horizon adopted by insurers to match future pay-outs to policyholders. Although the global financial crisis in 2008 has been defined as a banking crisis, the insurance industry was also adversely affected. The substantial deterioration in global financial markets impacted most insurance companies at the level of their investment portfolios. Further exposures to credit and market risks were suffered by global insurers, including mortgage and financial guarantee insurance companies. The insurance industry has been facing difficult fundamentals ever since, with global interest rates remaining at historical lows.

The Covid-19 crisis has exacerbated this persistently low interest rate environment, with central banks in Europe and the US cutting rates further to stabilise markets. Insurance businesses also had to pay out customer claims as well as assist their clients in difficult situations because of the economic downturn provoked by the crisis. In response to the pandemic, many insurance authorities across the world took action to ensure capital preservation and operational relief so that insurers can continue providing insurance services, with minimum disruption to consumers.

Insurers have made considerable efforts to contain the spread of Covid-19 enabling staff to work from home, while establishing new cybersecurity protocols worldwide. The global and European insurance industry is geared up to capitalise on the period of uncertainty and financial turmoil brought about by the pandemic. The accelerating digitalisation of internal operations and insurance distribution channels in response to the crisis and the lockdowns in many countries is likely to gain even more momentum in the years to come.

In this environment of prolonged economic stagnation, lower profitability has spurred insurers to experiment with higher-yielding, riskier investments. The alternative investments scene has gained considerable traction among insurers since the global financial crisis, providing them with portfolio diversification and increased risk-management capabilities.

Meanwhile, sustainable and responsible investing also continues to grow. Environmental, social and governance (ESG) factors increasingly influence risk management and enhance insurance company earnings and long-term company value by avoiding losses and delivering new product offerings.

The insurance sector stands on the precipice of profound change. The disruptive trend is not just digital. Increasing customer expectations, new competitors and the economic hardship inflicted on individuals, businesses and economies by the Covid-19 crisis have again underscored the importance of a robust, stable and developed insurance industry, and the role it plays in economic development and stability.

THE LARGEST INSTITUTIONAL INVESTOR IN EUROPE

The companies that make up the insurance industry together make up the largest group of institutional investors in Europe, holding financial assets equivalent to more than half of the EU's gross domestic product.[18] Insurers invest insurance premiums, collected from retail and institutional policyholders, in capital market and other assets. Given the long-term investment approach adopted by insurers, much of their investments focus on fixed income type of securities, such as corporate and government bonds and steady income stream such as real estate and infrastructure.

European and global insurers largely reduced their investments in equity-type securities since the global financial crisis to reduce volatility in their earnings.[19] However, equity holdings still represent an important component of their investment portfolio and have been gaining ground again in recent years as insurers seek to remain profitable during the current low interest rate environment, which has been further exacerbated by the economic impact of the pandemic.[20]

Insurance companies are key to financial stability

Given their role in mitigating financial risk, the size of their investment portfolios and the predominantly long-term nature of their investments, insurers contribute to the stability of financial markets. Insurance companies are also less prone than banks to liquidate investments when financial asset prices fall.

[18] Reuters, 2019 – EU insurance investments dip to 10.3 trillion euros in 2018.
[19] European Central Bank, December 2009 – Financial Stability Review.
[20] The Hedge Fund Journal, The Growing Role of Alternative Investments in Insurance.

The balance sheets of insurers are composed of relatively illiquid assets, such as bonds but also investments in real estate and infrastructure, reflecting their traditional preference for long-term investment horizons. These liabilities protect insurers against the risk of those sudden liquidity shortages, which frequently occur because of the banking sector's highly liquid liabilities and reliance on capital markets.

In the EU, the importance of insurers to financial stability has increased in line with the growth of the insurance sector over the last decade. The latter has been driven by rising demand for non-life products and by Europe's ageing population, which has been putting more of its savings into life insurance plans.

THE INSURANCE INDUSTRY HAS A KEY FINANCIAL STABILITY ROLE:

- insurers are the largest institutional investors in Europe, holding enormous investments in financial markets;
- insurers are strongly interconnected with banks and other financial institutions;
- insurers, in their risk-mitigation function, ensure and safeguard the financial stability of households, businesses and financial companies.[21]

A PARADIGM SHIFT TOWARDS ALTERNATIVE INVESTMENTS

Insurance in times of adversity

Insurers across Europe face deteriorating economic fundamentals, including an ageing population, rising customer expectations and a long-term stagnation in growth.[22] Following the introduction of the EU's Solvency II regime in 2016, many insurance companies started to revisit their asset-allocation strategy in favour of credit risk solutions that better match cash inflows from annuity payments. Favoured investments included fixed-income assets, such as corporate bonds, as well as direct lending to corporates and long-term infrastructure investments.[23]

Although fixed income still remains the primary driver of yield for insurers, the insurance industry has been spurred to seek new investment opportunities and explore high-yield and equity-type investment solutions, including alternative asset classes.[24]

For many insurance firms, alternative investments represent a shift in their general investment practices, to achieve higher returns, but also to better manage risk through portfolio diversification.[25]

This change of course won the support of the EU Commission, with its July 2019

[21] Ernst & Young, 2020 Europe Insurance Outlook.
[22] Ernst & Young, 2020 Europe Insurance Outlook.
[23] Moody's Analytics, May 2014 – New Investment Strategies in Insurance.
[24] The Hedge Fund Journal, *The Growing Role of Alternative Investments in Insurance*.
[25] The Hedge Fund Journal, The Growing Role of Alternative Investments in Insurance.

amendment to Solvency II[26] to include private equity funds in a new category of long-term equity investments for insurers. The insurance sector still makes up a relatively small share of European private equity fundraising despite being the largest institutional investor in Europe. The amendments made by the EU Commission are aimed precisely at increasing insurers' contribution in the alternative asset class. As they attempt to maximize returns in a persistently low-yield environment, which has been further compounded by the Covid-19 outbreak and its overall negative impact on the global economy and financial markets, many European insurers are increasing their allocations to a wider array of alternative asset classes, including hedge and private equity funds.

"Alternative investments including infrastructure loans provide an attractive risk-return profile, particularly when considering the diversification benefits for the rest of our portfolio. They play an important role in our overall investment strategy, representing about 20% of our consolidated investment portfolio."

Ivo Hux,
General Manager, SwissRe Europe

Luxembourg, a leading hub for private equity

Luxembourg is perfectly placed to accommodate this change of course in the investment strategies of global insurance firms. A first mover in the implementation of European UCITS regulation, the Grand Duchy of Luxembourg has played a pivotal role in building a bridge between European and international financial markets and cross-border fund distribution, granting European retail and institutional clients access to international investments. Today, Luxembourg-domiciled investment funds are distributed in over 70 countries, with a focus on Europe, Asia, Latin America and the Middle East. The world's leading asset managers have chosen Luxembourg as the centre for their international fund ranges.

"Our alternative investment strategy takes a global approach, with a focus on the merits of each investment and their fit with the broader portfolio, as opposed to targeting any specific jurisdiction of investment. In this respect, we benefit from the strength of Luxembourg's fund management industry through our Luxembourg-based UCITS fund, with over US$ 1.7 bn of NAV."

Ivo Hux,
General Manager, SwissRe Europe

[26] EU Commission Delegated Regulation (EU) 2019/981 of 8 March 2019 amending Delegated Regulation (EU) 2015/35 supplementing Solvency II Directive (2009/138/EC).

Building on the infrastructure and the cross-border expertise developed in the EU retail fund industry over the past three decades, Luxembourg also boasts a first-class alternative fund regulation, which has helped it confirm its role as a leading hub for the global private equity and venture capital industry. The Grand Duchy has developed a comprehensive legal toolbox to meet the different needs of private equity general partners (GPs) and investors in the global alternative investments landscape and facilitate cross-border acquisitions in private equity and real estate.

"We have seen growth in our clients' appetite for integrating non-traditional assets, such as private equity, into their life policies. In a sustained period of market volatility and uncertainty, investing in alternatives can offer the additional benefits of decorrelation and diversification. With Luxembourg's unrivalled investment framework, wealth planning and unit-linked life insurance can be a winning combination."

Jurgen Vanhoenacker,
Executive Director of Business Development and Wealth Structuring,
Lombard International Assurance

Depending on the degree of regulatory supervision set out in the European and Luxembourg regulatory framework, the Luxembourg fund toolbox provides investors with a wide array of investment fund structures. Starting from unregulated vehicles such as SOPARFIs and limited partnerships and ending with indirectly and directly regulated fund vehicles subject to the authorisation and/ or supervision of the *Commission de Surveillance du Secteur Financier*.

Alternative investment fund vehicles in Luxembourg are thus able to tailor solutions for the specific needs of GPs and international investors by combining characteristics from various jurisdictions. For instance, the Luxembourg limited partnership regime ensures that the needs of clients from both common law- and civil law-based jurisdictions are met. With the rapid implementation in 2013 of the Alternative Investment Fund Managers Directive (AIFMD), which grants a European passport to the managers of alternative funds, Luxembourg seized the opportunity to modernise its limited partnership regime. The introduction of the Luxembourg unincorporated Special Limited Partnership (SCSp) ensures maximum compatibility and flexibility under the new AIFMD rules, with a structure more familiar to asset managers from common-law jurisdictions.

Luxembourg regulated alternative funds account for almost €900 bn of assets under management. 90% of global private equity investment structures are based on Luxembourg investment vehicles[27] and 18 out of the 20 largest private equity houses structure their EU operations from Luxembourg.[28]

[27] Luxembourg Private Equity Association (LPEA).
[28] LPEA, 2021.

INSURANCE AS THE DRIVING FORCE OF SUSTAINABILITY

Insurance and climate change risk

The insurance industry plays a pivotal role in the identification and assessment of new and emerging risks, such as climate change. No other financial sector takes a wider-ranging vision or more carefully calculated approach to future risk challenges. The approach of insurance companies to sustainability is therefore of the utmost importance, not just to the financial services industry, but to the very fabric of our economies and societies.

As the largest institutional investor group in Europe, the insurance industry is set to play an essential role in financing the transition towards a low-carbon economy. In recent years, insurers have increased their asset allocation in green investments, which will greatly benefit the European green economy in the future.[29]

"We, as insurance companies, have a societal role to influence the mindset of our clients and raise awareness of what is happening in the investment world. Life insurance companies are capital rich because they need to have solvency margins. In addition, they also have the investments from clients, so the decision on what type of investments to support can definitely have significant impact on the market."

Guy Vandenbosche,
CEO, Crédit Agricole Life Insurance Europe

Luxembourg long-standing expertise in sustainable finance

The Luxembourg insurance industry has the potential to become a driving force for a sustainable and responsible financial future in Europe, thanks to the cross-border features of the vast majority of its insurance contracts. As a pioneer in sustainability and, with an established financial ecosystem which is familiar with responsible and green investments, the Grand Duchy is a leading international platform for sustainable finance. Luxembourg supports a range of activities, from responsible investment funds and blended finance, to green bond listings and ESG fund labelling.

[29] OECD, 2016 – *The evolution of insurer portfolio investment strategies for long term investing.*

"Luxembourg has been quite active in green finance and green bonds. We are seeing that asset managers are increasingly encouraged to select ESG type investments. We are not an asset manager, so we can't pick the investments, but when clients are choosing an asset manager, we inform them of the various manager's ESG performances."

Florent Albert,
Managing Director Europe and Group CFO,
Lombard International Assurance

The country is the global leader for green bond listings. The Luxembourg Green Exchange (LGX), launched in 2016, lists over half of the world's sustainability bonds. It is also the main European domicile centre for impact funds. Through LuxFLAG, an independent and international non-profit association created in 2006, Luxembourg has been a pioneer in the area of sustainable finance labels for more than a decade, promoting the raising of capital for sustainable investments by awarding a recognisable label to eligible investment vehicles. Luxembourg's firm commitment to sustainable finance is evidenced by the latest global Green Finance Index (GGFI), where Luxembourg ranks 2nd in terms of green finance penetration.

The European institutional investment scene is increasingly influenced by ESG values and retail and institutional investors are increasingly interested in green asset classes which reflect the consumer preferences of sustainability-conscious Millennials and Generation Z. In the aftermath of the UN Sustainable Development Goals, the Paris Climate Agreement in 2015 and the subsequent EU Commission sustainable finance proposals, Luxemburg's insurance industry has been actively integrating ESG factors in its business models, risk management, as well as products and pricing structures.[30]

[30] KPMG Luxembourg, 2020 – *ESG for insurers: from marketing consideration to better executive judgment.*

"Sustainable finance and responsible investing sit at the heart of what we do as a business. We insure, invest, operate and share our knowledge in a way that tackles sustainability challenges and creates long-term value."

Ivo Hux,
General Manager, SwissRe Europe

By opting to promote ESG and sustainable finance, Luxembourg is also taking note of the desire of many in the global millennial workforce to work for organisations which have strong ethical and environmental values. A recent US survey showed almost two thirds of millennial workers in the US would not work for any company that did not have strong Corporate Social Responsibility values.[31]

Luxembourg's insurance industry is also getting ready to implement the EU's action plan on financing sustainable growth released in March 2018 and the related legislative package. One of the EU's proposals that will particularly impact the insurance sector is a call for enhanced disclosure requirements on sustainable investments regulation. The legislative proposal requires the publication of information relating to sustainable Insurance Based Investment Products (IBIP). In line with this, an insurer which makes available an IBIP, will have to put in place a sustainability risk policy and disclose it on its website.

The action plan also addresses the lack of labelled financial products in Europe and suggested the use of the EU Eco-label Regulation to create a voluntary EU-wide labelling scheme to encourage retail customers investing in Packaged Retail Investment and Insurance Products (PRIIPs) to channel their funds into sustainable investments.

In the context of the EU Commission review process for the Solvency II Directive and the related delegated acts which need to be adopted by 2021, the European Insurance and Occupational Pension Authority (EIOPA) produced a technical paper for the integration of sustainability risks under the prudent person principle and the areas of the risk management system as defined by Solvency II.

More recently, the need to ensure the insurance industry's access to the data they need in order to foster the integration of climate change into their risk management practices has been reiterated in the EU Commission's Green Deal of December 2019.

[31] Cone communications 2016, *Millennial employee Engagement Study.*

DIGITALISATION, INSURANCE'S FUTURE

Insurance customers, both individuals and corporates, are at the very epicentre of the disruption tearing through the worldwide insurance industry. In these times of rapid digital evolution and continuous search for more cost-efficient business structures, insurance businesses have to innovate and also rethink their core products and services in order to retain their customer base.[32]

The emergence of InsurTech, pay-per-mile car insurance models, the development of blockchain solutions in insurance contracts and the provision of cyber insurance services, which take into account consumer and EU data protection requirements, are driving fundamental changes across the insurance industry's value chain. The traditional insurance approach has now reached the end of the line and future growth will depend on innovation and a greater focus on proactive prevention, instead of just protecting against loss. Faster adoption of new technologies by insurance companies is the key driving element towards success and growth.[33]

"Technology and digitalisation also mean the emergence of new risks asking for new solutions. Just take the example of cyber risks, where we partner with our clients to develop robust insurance products for SMEs and households. In this way, we don't just try and take on business that insurers have already underwritten. Rather, we enable clients to develop products that make sense for them in their context."

Ivo Hux,
General Manager, SwissRe Europe

The underlying trend of our times, as discussed in the LFF and PwC Amazonisation Report,[34] is the platformisation of financial services – the increasing use of digital platforms to serve clients and engage with them. These platforms are both client-facing interfaces to manage products and a distribution method to search and buy them. Clients, rather than going to individual financial companies, will use "self-service" portals as a means to exchange comments and reviews, allowing them to assess future investments based on users' prior experiences. This model will apply to both retail and commercial clients. Such platforms seek to become marketplaces, offering a wide range of products, by aggregating as many financial services products as possible, including third party ones as well as their own.

Insurance companies have already contributed to the emergence of digital platforms by consolidating their position as trusted providers for third parties. Platforms interested in insurance companies are mainly establishing themselves as partners for insurers, providing them with the needed agility in order to boost each segment of their value chain. When looking to fully embrace

[32] Deloitte, A Demanding Future – *The four trends that define insurance in 2020.*
[33] McKinsey & Company, *Digital Insurance in 2018.*
[34] LFF and PwC, *Amazonisation Report.*

Amazonisation, insurers must focus on improving the overall client experience. Transparency of products and pricing will be key as consumers gravitate towards the products best tailored to their specific needs. At the same time, leveraging huge amounts of data will be crucial to profitability, as more and more customers demand usage-based insurance. The insurance digital platform of tomorrow will have to strive for self- sufficiency and quickly evolve into a whole solution provider, as well as a "one-stop shop" for the specific insurance needs of its customers. Such a platform may offer both a direct but also indirect proposition, aggregating own insurance products, alongside innovative ones which are only available through third party providers, such as InsurTech, either on a white-label basis or under their own name. Such a digital portal will open up a broader range of distribution channels.

Operating in a persistently low interest rate environment, which has now been exacerbated by the Covid-19 crisis, insurers face challenging economic fundamentals as well as relentless regulatory pressures at the international and European levels. Insurers are transforming their business models in order to stay ahead of these disruptive trends.

CASE STUDY: LOMBARD INTERNATIONAL ASSURANCE

AGILITY AND TECHNOLOGY ARE KEY ENABLERS OF BUSINESS CONTINUITY

The Covid-19 pandemic, and the subsequent unprecedented lockdown period that followed, has led companies across all sectors to address a critical consideration: How to maintain operational and commercial efficiency whilst ensuring the health, safety and well-being of their employees? Lombard International Assurance, a major international life insurer based in Luxembourg, tackled this through a two-step process:

Firstly, it was about being able to pivot all employees to remote working quickly and efficiently. Lombard International Group is a global organization with over 500 employees, based across three continents. The company had to adapt its working practices to ensure everyone was operational and able to work securely from home. Thanks to the sustained investment in technology, a robust IT infrastructure and experienced staff, they were able to achieve this in a matter of days. Being able to successfully complete this first step was an absolute prerequisite to continue to serve and support their business partners.

The second step was about enhancing business continuity to ensure they could deliver the same level of service that their clients and partners have come to expect, but overcoming the fact that no-one would be able to meet face to face in person. They therefore transitioned quickly to a virtual client acquisition and servicing framework. In record time, they designed and implemented an innovative distance selling process. Alongside Connect, their existing digital servicing platform, this process enabled new policies to be completed remotely, in a fully compliant, secure and efficient manner which has been incredibly successful, receiving great feedback from partners and clients.

"We consider technology as a key business enabler and the launch of our distance selling process across Europe is an excellent example of this. We developed an agile solution, in direct response to our partners' concerns – to serve the needs of their HNW clients whilst adhering to ongoing social distancing regulations and delivering an efficient and innovative user experience."

Florent Albert,
Managing Director Europe and Group CFO,
Lombard International Assurance

Building on its success in attracting many non-life insurance businesses to set up their EU hub in the Grand Duchy as a hedge against Brexit, Luxembourg is adopting a more systematic approach towards encouraging the development of this important financial cluster. This will go hand in hand with a strengthened commitment to the development of InsurTech.[35] By attracting new firms and their innovative financial solutions to Luxembourg and supporting the development of home-grown FinTech innovators, Luxembourg is committed to creating a favourable environment to provide insurance firms with all the necessary tools to succeed and develop new innovative and sustainable products in the era of digitalisation.

"I believe that the future will be complementary between traditional insurance companies and InsurTechs. They can cooperate and support each other."

Jean Elia,
CEO, Sogelife

[35] LFF, Ambitions 2025, Shaping a Sustainable Future.

USEFUL CONTACTS

07

USEFUL CONTACTS

PUBLIC SECTOR

Luxembourg Government
www.gouvernement.lu

Digital Luxembourg
https://digital-luxembourg.public.lu/

Ministry of Finance
www.mf.public.lu

Luxembourg for Finance (LFF)
www.luxembourgforfinance.com

Luxembourg Insurance and Reinsurance Association (ACA)
www.aca.lu

Luxembourg Private Equity and Venture Capital Association (LPEA)
www.lpea.lu

Association of the Luxembourg Fund Industry (ALFI)
www.alfi.lu

The Luxembourg Bankers' Association (ABBL)
www.abbl.lu

Luxinnovation (National Innovation Agency)
www.luxinnovation.lu

Luxembourg Chamber of Commerce
www.cc.lu

Luxembourg Commercial and Beneficial Ownership Register (LBR)
www.lbr.lu

Luxembourg Business Federation (FEDIL)
www.fedil.lu

The Luxembourg Finance Labelling Agency (LuxFLAG)
www.luxflag.org

The Luxembourg Institute of Actuaries (ILAC)
www.ilac.lu

Association of Reinsurance Managers (AGERE)
www.agere.lu

The Luxembourg Association of Compliance Officers (ALCO)
www.alco.lu

REGULATOR

Luxembourg Insurance Regulator (CAA)
www.caa.lu

INFORMATION SERVICES

Luxembourg Business Portal
www.guichet.public.lu/entreprises/en

LEARNING AND DEVELOPMENT

House of Training
www.houseoftraining.lu

The University of Luxembourg
www.uni.lu

ABOUT LUXEMBOURG FOR FINANCE

Luxembourg for Finance (LFF) is the Agency for the Development of the Financial Centre. It is a public-private partnership between the Luxembourg Government and the Luxembourg Financial Industry Federation (PROFIL). Founded in 2008, its objective is to develop Luxembourg's financial services industry and identify new business opportunities.

LFF connects international investors to the range of financial services provided in Luxembourg, such as investment funds, wealth management, capital market operations or advisory services. In addition to being the first port of call for foreign journalists, LFF cooperates with the various professional associations and monitors global trends in finance, providing the necessary material on products and services available in Luxembourg. Furthermore, LFF manages multiple communication channels, organises seminars in international business locations, and takes part in selected world-class trade fairs and congresses.

› EDITORIAL CONCEPTION
Luxembourg for Finance

› DESIGNED BY
Binsfeld

› TYPESETTING BY
Interligne

› CREDIT PHOTO
John Oesch
(p. 17, 23, 35, 43, 57, 61)

LUXEMBOURG

LET'S MAKE IT HAPPEN

luxembourgforfinance.com