

## 'CAN-DO' ATTITUDE MAKES GUERNSEY A NATURAL HOME FOR ILS INNOVATION

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The 'can-do' attitude of Guernsey's insurance professionals and the willingness of the island's financial services regulator to find creative solutions to emerging problems are just two reasons why Guernsey is a natural home for Insurance Linked Securities business.

Cedric Edmonds of Replexus and Gus Majed of Paratus were guest speakers at the WE ARE GUERNSEY event ILS Insight 2021 where they revealed why they chose Guernsey as the launchpad for their innovative products.

Replexus' first transaction was a \$3 million privately-placed issuance, sponsored by the Danish Red Cross, which was brought to market through a Guernsey-domiciled reinsurance structure, Dunant Re IC Limited – an Incorporated Cell of Replexus ICC (Guernsey) Limited.

The bonds were settled using Replexus' unique ILS Blockchain. The catastrophe bond covers the risk of eruption of 10 volcanoes across three continents and raised \$3 million from specialist CAT bond investors, with the capital set to be used to support humanitarian aid in the aftermath of an eruption.

Cedric Edmonds said: "Replexus essentially takes a simple ICC to the next level within the ILS space. It offers ILS funds and investors the same benefits of CAT bonds but without the costs and without the time to set them up.

"The securities that Replexus issues are liquid, are tradeable on an electronic platform and they are priced and for these reasons they fix many of the problems of collateralised reinsurance."

He explained why he chose to set up Replexus in Guernsey: "I have a long experience of Guernsey and I chose it because of the service providers. They hadn't necessarily done what I wanted to do but they were willing to give it a go and they had a very 'can-do' attitude.

"Over time I got to know the regulator, the Guernsey Financial Services Commission, which I have always found highly supportive. They offer a quick turnaround and are approachable with regard to things they haven't done before.

"Equally the International Stock Exchange TISE, they have always been supportive and open to new things. Listing the first blockchain securities was an example of that."

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Replexus Founder Cedric Edmonds

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Gus Majed, CEO and founder of Paratus Group has more than 24 years as a proprietary oil trader with physical derivatives and hedge fund specialism. He began Paratus after seeing first-hand how non specialist global consumers were significantly exposed to oil price fluctuation risk and required a better way to risk manage their

balance sheets.

“The genesis of Paratus was to redress the question and say if they all understand insurance and trust insurance, why can we not have a very simple product that essentially does everything for you,” he said.

“It’s a risk management product, it’s priced very aggressively, it’s backed by trustworthy, regulated brokers using a first-class regulator in a first-class jurisdiction.”

Both speakers agreed that Guernsey’s innovative attitude and flexible, approachable regulator were high on the list of reasons for setting up business in the island with Gus adding: “The geography is incredibly important.

“Guernsey is a fantastic time zone that gives us the ability very early on to price cover for the Asian clients and then from midday onwards Europe and the US.”

You can watch the webinar here: <https://www.weareguernsey.com/finance-events/2021/iis-insight/on-demand/>.

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WE ARE GUERNSEY is the brand under which Guernsey Finance promotes the island's financial services sector internationally. Guernsey Finance - the promotional agency for the island's finance industry internationally - is a joint industry and Government initiative responsible for the promotion of Guernsey. Under the leadership of Chief Executive Rupert Pleasant, the agency ensures that the core values and competencies of the island's finance sector are accepted and respected by the global community and that financial business development flows are enhanced.

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