

Moving HQ packs risks, rewards

By Matthew Andrews and Peter Reed



Matthew Andrews, Partner (left)
Peter Reed, Partner (right)

Decisions about where to locate global and regional headquarters are of paramount importance to insurers. They can have a tremendous impact in creating new marketplace opportunities, boosting profit margins, improving access to capital, and reducing tax and regulatory concerns.

A number of locations are emerging as promising alternatives to London, New York and Bermuda, the traditional hubs for the global insurance community. More and more companies have relocated their headquarters (or a regional or business-line insurance operation), or are considering such a move.

The trend is particularly apparent among property/casualty insurance and reinsurance companies. Yet for all the potential advantages of the right relocation, an insurer's move to an emerging location raises talent issues that must be addressed

Emerging locales for insurance firms include Zurich, Switzerland; Singapore; Dublin, Ireland; Luxembourg; and Dubai, United Arab Emirates. As industry insiders recognize, the most alluring alternatives for insurers combine business-friendly tax and regulatory environments, lower operating costs and access to desirable markets, in addition to political and cultural stability.

From a talent perspective, such locations must house an adequate pool of skilled and experienced professionals, offer access to a pipeline of young, highly educated talent and be appealing to global executives.

The list of insurers that have approved relocations or announced plans to consider a move is sizeable. Of course,

a location's attractiveness is relative, ebbing and flowing with its business environment, regulations and available talent pool – and with changes in those conditions in competing locales.

A look at Bermuda's popularity is instructive. For years, Bermuda reigned as the alternate location of choice for insurers looking to move beyond New York or London.

Yet Bermuda's appeal appears to be waning, due primarily to infrastructure, regulatory and talent management challenges, as well as the emergence of attractive alternatives such as Dubai. Bermuda's infrastructure has limitations such as the availability of school spots, and restrictions on property and car ownership for expatriates.

Work permit complexities also have created a challenge for companies seeking expatriate talent. Bermuda's workforce is well-educated, yet limited given the island's growing business population. Consequently, some insurers will likely see Bermuda as too crowded to support additional relocations.

All emerging locations present challenges. Only some emerging "hot spots" offer sufficient talent, infrastructure and other advantages to remain robust over time.

Dublin's low tax rates have made it popular with insurers, and the talent pool has been supported by the technological and financial savvy of the region's graduates. But signs indicate that insurers are approaching capacity in terms of available talent, which might lead to a relocation slowdown.

Zurich offers financial and political stability, a light regulatory environment outside the European Union, lifestyle advantages, efficient transportation and a deep pool of talent. Singapore, Hong Kong and Dubai are likewise attractive, with educated workforces, business-friendly climates and proximity to fast-growing markets.

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Each situation is different, of course. In Dubai's case, the government has committed large amounts of capital to developing the Dubai Financial Centre. Disadvantages, however, include a relatively small pool of local talent and regional political concerns.

Identifying the needed "best" talent in these emerging regions is challenging. But by emphasizing cost control while supporting growth and expansion, a creative search partner will help insurers recruit and develop both qualified residents and expatriates. It's a big world out there.

For insurers that's good news if they plan their talent acquisition strategies accordingly.

Matthew Andrews is a London-based Partner within the Financial Services Practice and can be reached on +44 (0) 207 901 0484 or by email at: mandrews@ctnet.com.

Peter Reed is a New York-based Partner with within the Financial Services Practice and can be reached on +1 212 209 5721 or by email at: preed@ctnet.com

For more information on CTPartners, visit www.ctnet.com