

Bandwagon

The BWCI Group Newsletter

Issue 1
2026



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Welcome

to Bandwagon.

Welcome to the first Bandwagon in 2026.

In this edition we look at developments in both pensions and insurance: we start off on page 4 with a fresh look at the key features of offshore bonds that could make them attractive for tax planning purposes. On page 6 we highlight the value of critical illness insurance for employers to support staff wellbeing and provide them with financial security and finally on page 8 we summarise the feedback statement which has recently been published by the Isle of Man Financial Services Authority which provides an insight into what the proposed regulatory changes to pensions in the Isle of Man over the next few years could look like.



2026 BWCI Bursary Scheme

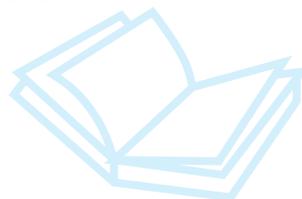
**The closing date for applications
for the 2026 Bursary is
30 April 2026.**

The BWCI Group first introduced its undergraduate Bursary Scheme back in 2007 and we are delighted that it has been able to support over 20 students over the last 19 years. Our bursary has been specially designed to support local students wishing to study for a degree at university. As well as providing financial support, our bursary students will participate in a structured training programme during their summer vacations, for the duration of their course.

The bursary is £2,400 pa and is payable in three termly instalments of £800 whilst at university, in addition to paid work experience.

Students must work for BWCI for at least two months during the summer break.

For further details about the Bursary Scheme or an application form please email hr@bwcigroup.com or see our website www.bwcigroup.com/Careers/Bursary.



Diary of Events 2026



30
APR

*Closing date for
Bursary applications*



1
MAY

*BWCI sponsors
Tim Spector at the
Guernsey Literary Festival*



17
MAY

BWCI Our Race for Life



6-7
JUL

*BWCI Mini
Soccer Festival*



JUL

*BWCI sponsors the
Little Champs
Bubble Run 2026*



AUG

*BWCI Open
Castle Swim*



22
NOV

*BWCI Camerata
Family Concert*



Offshore Bonds



Warwick Helps

warwick.helps@bwcigroup.com



Jonathan Kemp

jonathan.kemp@bwcigroup.com

Investment flows into offshore bonds have increased substantially over the last year or so. The Financial Times reported that a record amount of £10.5 billion had been invested over the year to June 2025, up from £5.1 billion the previous year.

With UK demand for offshore bonds rising, Guernsey stands out as the smart choice for setting up a life insurer, offering pragmatic regulation, innovative structures and deep industry expertise.

What is an Offshore Bond?

An offshore bond is an investment set up by a life insurance company located outside the investor's home country, typically in a jurisdiction with a favourable tax regime. Investment in these life insurance wrapper products, rather than directly into the underlying assets, may provide an opportunity to defer tax to a favourable time. This is because tax on offshore bonds is not currently paid by UK investors until withdrawal.

Key Drivers

Against the backdrop of continuing fiscal tightening in the UK, offshore bonds have taken on renewed strategic relevance for both advisers and product providers. Successive reductions in tax-free allowances, coupled with higher marginal rates on capital gains and the widening scope of inheritance tax from 2027, are prompting many investors to reassess how and where they hold long-term assets.

This shift is not simply a reaction to short-term policy changes, but reflects a broader trend; UK investors are increasingly favouring investment wrappers that offer predictability, flexibility and control over the timing of tax events. In that environment, offshore bonds are once again being viewed as a financial planning tool, rather than a niche retail product, providing a mechanism to manage crystallisation of gains, smooth income flows in retirement, and structure wealth transfers more efficiently.

“favouring investment wrappers that offer predictability, flexibility and control over the timing of tax events”



Why Guernsey?

When selecting a jurisdiction for an offshore life insurance company, Guernsey, as one of Europe's leading insurance domiciles, offers several key advantages:



1. Regulatory Framework

Guernsey's Insurance Business (Bailiwick of Guernsey) Law provides a pragmatic and proportionate regime. Unlike Solvency II, Guernsey's framework is less prescriptive, enabling efficient structuring and faster authorisation for insurers. This flexibility is crucial for life companies seeking bespoke solutions.



2. Innovative Structures

Guernsey pioneered the Protected Cell Company (PCC) model in 1997 and later launched Incorporated Cell Companies (ICC). These structures allow insurers to segregate assets and liabilities cost-effectively, as well as manage multiple portfolios or products within a single legal entity. They create opportunities to reduce time-to-market, control costs or create segregation for high-net-worth clients.



3. Depth of Expertise and Global Connectivity

The island is home to a highly skilled workforce, including lawyers, accountants, actuaries, trustees and insurance managers, many with decades of experience in international insurance. This ecosystem supports complex transactions and ensures robust governance.



4. ESG Leadership and Political Stability

Guernsey introduced the world's first ESG framework for insurers. It is also politically stable as it operates as a parliamentary representative democracy within the framework of a British Crown Dependency. Its mature institutions give both shareholders and policyholders long-term confidence in Guernsey as a jurisdiction.

A Typical Scenario

Consider a typical high-net-worth client anticipating a significant liquidity event in the next 5 to 7 years, such as the sale of a business or a deferred bonus payout. Their primary concern is not the underlying investments, but how best to manage the tax timing around future withdrawals.

An offshore bond enables the investor to house a diversified portfolio without generating annual tax liabilities and, crucially, allows the gain to be realised at a point when the client's overall income profile is materially lower. The 5% withdrawal allowance can also be used tactically to supplement income without triggering immediate tax, giving the investor more latitude when structuring a phased retirement or medium-term wealth transfer.

For insurers, this type of planning scenario underscores the importance of efficient unit-linked structures, robust governance and responsive administration, all areas where Guernsey continues to excel.

BWCI

BWCI's Insurance Management and Insurance Consulting teams have decades of experience in managing unit-linked insurance companies. Our specialists guide clients through Guernsey's regulatory process, from product design and governance to regulatory reporting, and anti-money laundering. This practical experience helps new companies reach the market quickly and efficiently and help keep them on track.

Conclusion

For UK investors, offshore bonds remain a valuable tool for tax planning and wealth preservation. Meanwhile, for life insurance companies, Guernsey provides a unique combination of regulatory agility, innovative structures and professional expertise in which to house an offshore life insurer. With BWCI's guidance, insurers can leverage these advantages to deliver effective offshore bond solutions.

For further details, please contact Warwick (warwick.helps@bwci.com) or Jonathan (jonathan.kemp@bwci.com).

The Benefits of Group Critical Illness Cover



Holly Steele

holly.steele@bwcigroup.com

“*an effective way to support employee wellbeing*”

Group Critical Illness cover can add significant value to an employer's wider portfolio of risk benefits, complementing arrangements such as group life assurance and group income protection.

It provides employees with vital financial protection during life-changing health events, while offering employers an effective way to support employee wellbeing, retention and long term productivity. By paying a lump sum on the diagnosis of a serious illness, this cover provides peace of mind and enables employees to focus on recovery rather than financial concerns.



Key Benefits

1. Financial Security for Employees

- Lump sum benefits are paid to employees following the diagnosis of a covered critical illness or the completion of specified surgical procedures.
- These payments can be used to meet essential financial commitments, such as household expenses, mortgage repayments or medical costs, helping to ease financial pressure during recovery.
- By alleviating concerns about income or outgoings, employees are better able to focus on their health and wellbeing.
- For employees without financial dependants, critical illness cover may be perceived as more immediately valuable than group life assurance.

2. Comprehensive Coverage

- Policies typically provide cover for a broad range of conditions, including cancer, heart attack, stroke and major organ transplants.
- Some providers also extend cover to employees' partners and children, offering enhanced protection for the wider family.
- In addition, certain plans include ongoing cancer cover as a standard feature, ensuring continued financial support over the longer term.

3. Employer Advantages

- Offering Group Critical Illness cover demonstrates a strong commitment to employee wellbeing and helps to reinforce a positive, supportive workplace culture.
- It can also enhance recruitment and retention efforts, as employees increasingly value comprehensive and meaningful health-related benefits.
- Employers, in turn, may benefit from improved morale and reduced absenteeism, as employees feel supported and reassured during challenging periods.

4. Flexibility and Options

- Employers can tailor levels of cover to reflect the needs of their workforce, with the flexibility to include optional family protection where appropriate.
- Policies can also be aligned with broader employee wellbeing strategies, complementing existing benefits such as private medical insurance and group income protection.

5. Peace of Mind and Emotional Support

- Knowing that financial support is in place gives employees peace of mind, helping to alleviate stress and anxiety during periods of uncertainty.
- Many providers also offer complementary wellbeing services, including counselling and rehabilitation support, alongside the core financial benefits.
- This integrated, holistic approach supports a faster recovery and enables employees to return to work feeling supported, confident and valued.

Risks and Considerations

- Eligibility criteria apply, and cover is subject to specific policy terms and conditions; not all illnesses or treatments may be included. Employers should therefore review policy documentation carefully to ensure it meets the needs of their workforce.
- Premiums will vary based on factors such as workforce demographics, benefit design and selected levels of cover.



Conclusion

Group Critical Illness cover is a valuable workplace benefit that supports employees through some of life's most serious health challenges, while clearly demonstrating an employer's commitment to wellbeing. By offering financial security, family protection and emotional support, it enables employees to focus on recovery with confidence and dignity, while helping employers reduce disruption and maintain stability within the workplace.

For employers, this is more than an insurance solution - it represents a strategic investment in employee loyalty, engagement and long term productivity.

Isle of Man Pensions Consultation Update



Michelle Galpin

michelle.galpin@bwcigroup.com

“*The IOM FSA confirmed that it intends to base the new provisions on the UK funding requirements.*”

In Issue 2 2025 of *Bandwagon* we reported on the Isle of Man Financial Services Authority's (IOM FSA) consultation on changes to the Retirement Benefits Schemes Act 2000. The proposed update to the pensions legislation focused on strengthening the regulatory framework surrounding the funding and governance of defined benefit (DB) schemes. 11 consultation responses were received from a variety of industry stakeholders, including pension providers, insurers and legal advisers.

Following detailed analysis of these responses, the IOM FSA published its Feedback Statement on 4 February, together with an “unofficial” draft of the updated legislation. This comprehensive document addresses the concerns raised and either confirms where changes are intended to be made to address those concerns, or provides commentary on why a particular proposal is still to go ahead as originally intended.

What has been confirmed?

- The IOM FSA are committed to ensuring that the regulatory framework will be proportionate, effective and workable in practice
- The primary legislation is intended to be flexible (which it is why it is lacking in specific detail)
- The detailed requirements will be in secondary legislation and will include the provision for exemptions in some areas
- Associated guidance is to be issued, in addition to the secondary legislation
- There will be further consultation on both the secondary legislation and the guidance
- The legislation will be introduced in phases, with the licensing of trustees and administrators the highest priority

Pension scheme accounts

Trustees will be pleased to know that the 6 month deadline for producing audited accounts after the scheme year end is to be amended. In practice, many schemes have struggled to meet this timescale for a variety of reasons; delays in obtaining asset values from third parties and audit capacity are some areas that have been problematic in practice. The time scale will now be prescribed by regulation, although it is not clear what the revised timeframe will be.

Concerns were also raised around the need for scheme accounts to be audited and the feedback confirms that the audit provisions and any exemptions will be considered as part of secondary legislation and will include consultation.

Funding requirements

The feedback document highlights that, at present, there is no statutory framework governing how actuarial valuations are prepared, how deficits are addressed and how schemes should respond to underfunding. It goes on to say that “it understood that most trustees and appointed actuaries have voluntarily followed the UK DB funding standards”, although this has not been our experience.

The IOM FSA confirmed that it intends to base the new provisions on the UK funding requirements. Over 60% of respondents were concerned about the increased costs imposed on schemes from this additional regulatory and compliance burden. The feedback statement indicates that some exemptions may be appropriate and that the framework will be tailored to the local pensions landscape.

The draft legislation includes a number of new pension terms and we have summarised the key ones below.

Pension Funding Jargon Buster

Regular Scheme Valuations - A full actuarial valuation every 3 years, which would need to be certified by the scheme actuary. Shorter “Actuarial reports” would be required during the intervening years to update trustees on developments affecting the funding position.

Statutory Funding Objective - Schemes would be required to hold sufficient and appropriate assets to meet the Technical Provisions.¹

Statement of Funding Principles - This would set out the Trustees’ policy for meeting the Statutory Funding Objective and the method and assumptions for calculating the Technical Provisions.

Deficit Recovery Plans - If a scheme were underfunded, trustees would need to agree a plan with the employer to correct the shortfall over an agreed period.

Schedule of Contributions - This would be prepared by the Trustees and set out the rates of contributions to be paid by the employer (and any active members if appropriate) and the dates by which the contributions had to be paid. This document would also need to be certified by the scheme actuary.

Statement of Investment Principles - Trustees must document their investment policy and objectives.

Funding and Investment Strategy - Trustees must develop a strategy for how the benefits will be provided over the long-term, expected maturity, investment approach and funding level when the scheme reaches maturity

Statement of Strategy - Written statement of the Scheme’s Funding and Investment Strategy, including implementation progress, key risks, and reflections on major decisions.

Conclusions

While the recognition that the timescale for producing audited scheme accounts is to be reviewed is to be welcomed, interestingly, the feedback indicates that there are only around 30 Isle of Man DB or hybrid schemes. Given this is a small (and declining) number, and DB schemes more widely are now much better funded than they were say 5 years ago, we would question whether the potential additional administrative burden and costs on 30 DB schemes is necessary or proportionate, given the large surpluses that the majority of DB schemes now enjoy.

¹ The Technical Provisions is the amount required (determined by an actuarial calculation) to make provision for a scheme’s liabilities.

Thirst Music School's

Battle of the School Bands 2026

BWCI was proud to sponsor the Thirst Music School's annual Battle of the School Bands 2026 for a sixth year, and for the event's 10th anniversary.

The event provided a great space for young and talented artists to showcase their amazing skills and put on some rocking performances. The large audience was treated to a wonderful evening of incredible entertainment.



Photograph courtesy of Wayne Mahy Photography



2026 Winning Band
Congratulations to 'Shockwave'
from Elizabeth College who were
this year's winners.



BWCI *Camerata* Weekend

BWCI sponsored another great Camerata weekend on the 22nd and 23rd November; starting with the Youth concert on the Saturday evening and the Family concert on the Sunday afternoon. It was a wonderful music-packed weekend at St James!

The Youth Concert included young musicians who are given the opportunity to play as soloists creating a relaxed and encouraging environment.

The Sunday afternoon programme included songs from films such as 'Dances With Wolves' and 'How To Train Your Dragon'. Alan Gough MBE conducted the performance with Katie Platt as the soloist for an alto saxophone concerto.



St. James
1 May 2026
18:00 - 19:00

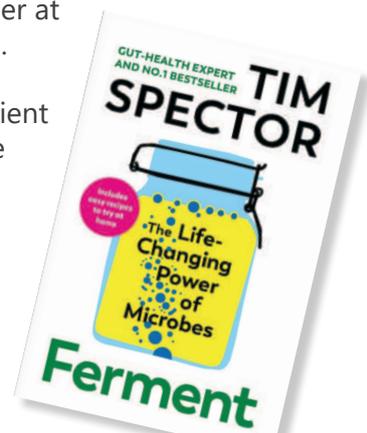
BWCI welcomes *Tim Spector*

We are delighted to be able to support the Guernsey Literary Festival in sponsoring an evening with Tim Spector as he talks about his book:
Ferment: The Life-Changing Power of Microbes.

Tim Spector is a Professor of Epidemiology at King's College London, director of the Twins UK study, scientific co-founder at ZOE, and one of the world's most-cited scientists.

He will be drawing on the latest science and ancient techniques from his book *Ferment*, an accessible introduction to the life-changing benefits of fermentation.

What promises to be an enlightening and entertaining evening takes place at St. James, on 01 May 2026, starting at 6pm.



Issue 1 2026



Guernsey | PO Box 68, Albert House
South Esplanade, St Peter Port
Guernsey, GY1 3BY
Tel | +44 (0) 1481 728432
Fax | +44 (0) 1481 724082

Jersey | Osprey House
5-7 Old Street, St Helier
Jersey, JE2 3RF
Tel | +44 (0) 1534 880112

www.bwcigroup.com

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