

INSOL Europe/LexisNexis coronavirus (COVID-19) Tracker of Insolvency Reforms—Cayman Islands

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Restructuring & Insolvency analysis: We look at the reforms to the insolvency law of Cayman Islands prompted by the coronavirus (COVID-19) pandemic. Written by Nicholas Fox, partner, Mourant Ozannes, Cayman Islands, member of INSOL Europe.

The Cayman Islands Government has been proactive in implementing measures to minimise the impact of the coronavirus pandemic in the Cayman Islands. The Ministry of Commerce, Planning and Infrastructure has implemented a number of relief measures to support micro and small businesses, including:

- **a micro and small business grant programme:** to provide financial assistance to eligible micro and small businesses to provide working capital and to aid in the repurposing and transition of businesses that previously had a large tourist market and have demonstrated the ability to transition to a larger domestic market
- **a low interest loan programme:** administered through the Cayman Islands Development Bank, the Low Interest Loan Programme will provide financial and non-financial support to 100% Caymanian-owned micro and small businesses affected by coronavirus. The programme will provide each borrower with a fully-backed government guarantee, and
- **a technical assistance programme and government funded training programme:** the Technical Assistance and Training Programmes are designed to provide technical guidance, training and coaching to micro and small businesses to assist them in navigating the challenges presented by coronavirus and the recovery therefrom

The government has also enacted regulations to extend the period of temporary lay-off before which severance pay is payable. This extension enables employers to continue to employ staff rather than terminate their employment and ensures that employees retain more of their earnings while accruing other employee benefits under the Cayman Labour Law.

To provide support to individuals, the government has also enacted a short 'pension payment holiday' from 1 April–30 September 2020, suspending the requirement for employers and employees to contribute to employees' pension funds during that period. In addition, the government has also passed legislation allowing individuals to make a one-off withdrawal from their pension funds, of up to \$KY 10,000 plus 25% of the remaining balance.

Cayman banks have also generally been offering customers an initial three payment moratorium on mortgages and personal loans. A further three month extension may also be agreed.

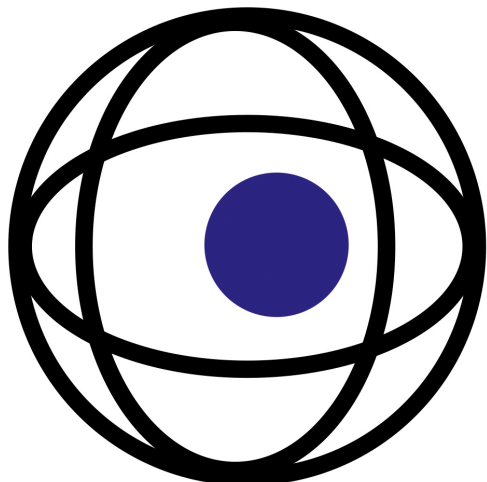
There has been no reform of insolvency legislation in the Cayman Islands as a result of the coronavirus pandemic. There is a draft bill in circulation to amend the Cayman Companies Law to introduce a dedicated restructuring regime and restructuring officer. Restructuring in the Cayman Islands is currently implemented through the use of provisional liquidation and schemes of arrangement. See our update: ['Schemes of Arrangement: A Restructuring Tool in the Cayman Islands'](#). The Cayman courts routinely deal with complex corporate restructurings and as such a dedicated statutory restructuring regime would be a welcome development.

There are no specific wrongful trading provisions in the Cayman Islands.

The Cayman Courts and Judicial Administration have remained fully operational with the implementation of various measures and practice directions, including provision for electronic filing, e-bundles and remote hearings and are therefore ready and equipped to deal with any influx in insolvency matters that may arise. See our update: ['Litigating in the Cayman Islands during these unprecedented times'](#).

INSOL Europe/LexisNexis COVID-19 Tracker of Insolvency Reforms

A tracker of insolvency reforms globally produced by LexisNexis in partnership with INSOL Europe is now available: [Coronavirus \(COVID-19\) Tracker of insolvency reforms globally](#).



INSOL EUROPE

We look at various countries worldwide which are expediting reforms to their restructuring and insolvency laws, temporarily suspending onerous insolvency law provisions, increasing limits for statutory demands, suspending enforcement powers and introducing other measures to deal with the coronavirus crisis. As the situation is rapidly evolving with more countries adding new measures daily, you should contact local lawyers in the relevant jurisdiction to check the current measures in force.

INSOL Europe webinars: COVID coffee breaks

INSOL Europe in partnership with LexisPSL are pleased to present a series of free webinars: 'COVID Coffee Breaks'.

The COVID Coffee Breaks are short, 20 minutes webinars, in which two or three INSOL Europe Country Co-ordinators share their personal experiences of the coronavirus crisis in their countries and give highlights of reforms and changes to their national insolvency framework to address the current crisis.

The webinars published to date (and available on demand) are accessible on INSOL Europe's website here: <https://www.insol-europe.org/publications/web-series>.