

BY **RODNEY JEFFERSON**

Bloomberg News

EDINBURGH, Scotland – Standard Life, the life insurer founded in Scotland in 1825, says it's preparing to shift business elsewhere should voters opt for independence from Britain and risks around the currency and regulation increase.

Chief Executive Officer David Nish said "material issues" that remain uncertain include whether Scotland could keep the pound and retain European Union membership, plus rules on financial services and customer

# 189-year-old life insurer may abandon Scotland

protection, and the tax regime. Scotland holds a referendum on independence on Sept. 18.

"We have started work to establish additional registered companies to operate outside Scotland, into which we could transfer parts of our operations if it was necessary to do so," Nish said in a statement Thursday in the

Edinburgh-based company's annual report. "This is a precautionary measure."

The argument over Scotland's constitutional future moved to the forefront of British politics this month as the British government said that Scotland would be denied a currency union and faces higher borrowing costs should it go it alone. Standard Life's contribution

underscores the growing awareness among executives of the ramifications of a "yes" vote.

Standard & Poor's said Thursday Scotland would be "hard pressed" under a new currency to retain the "deep capital markets" it gets as part of Britain, though the strength of its economy means "there is no fundamental reason why Scotland could not successfully float a currency."

The rating company also said Scotland's large financial industry would be a risk to the new state and some of the activity could be re-domiciled in the rest of the United Kingdom.