

GUERNSEY STATUTORY INSTRUMENT

2008 NO. 13

**The Insurance Business (Asset and Liability Valuation)
Regulations, 2008**

<i>Made</i>	<i>12 March, 2008</i>
<i>Coming into operation</i>	<i>12 March, 2008</i>
<i>Laid before the States</i>	<i>, 2008</i>

THE GUERNSEY FINANCIAL SERVICES COMMISSION, in exercise of the powers conferred upon it by section 85 and paragraph 3(1) of Schedule 2 of the Insurance Business (Bailiwick of Guernsey) Law, 2002^a, and after consultation with the States of Guernsey Policy Council, the Policy and Finance Committee of the States of Alderney and the General Purposes and Finance Committee of the Chief Pleas of Sark, hereby makes the following regulations:-

Valuation bases.

1. An insurer shall use the following valuation bases for assets and liabilities in accordance with paragraph 3(1) of Schedule 2 to the Law -

- (a) in respect of assets -
 - (i) in class 3 or 4, where the value of an asset exceeds 10% of the insurer's total market value of gross

^a Order in Council No. XXI of 2002; amended by the Machinery of Government (Transfer of Functions) (Guernsey) Ordinance, 2003.

assets -

- (A) a proportion of the asset will be an approved asset and the remainder will be unapproved,
- (B) the approved asset proportion will be limited to 10% of the insurer's total market value of gross assets, and
- (C) the unapproved proportion will be the excess of the value of the asset over that amount,

and for the purpose of calculating this amount, an asset will include the aggregate of all assets that have exposure to the same counter party under common ownership,

- (ii) in class 2, where an asset is approved by the Commission as being such an asset, it shall be valued at 100% unless the Commission directs otherwise, and
- (iii) where an insurer has entered into a contract providing for the payment of property-linked benefits in accordance with section 42(2) of the Law, the value of the assets, to the extent that they are held to match liabilities in respect of such benefits, are to be reduced to nil value, and

- (b) in respect of liabilities, where an insurer has entered into contracts providing for the payment of property-linked benefits in accordance with section 42(2) of the Law, the value of the liabilities is to be reduced by the amount of the reduction in the value of assets effected in accordance with paragraph (a)(iii).

Repeal.

2. The Insurance Business (Asset and Liability Valuation) Regulations, 2002^b are hereby revoked.

Interpretation.

3. (1) For the purposes of these Regulation, unless the context requires otherwise -

"Commission" means the Guernsey Financial Services Commission,

"the Law" means the Insurance Business (Bailiwick of Guernsey) Law, 2002, and

"licensee" has the same meaning as in the Law.

(2) Any reference in these Regulations to an enactment is a reference thereto or from time to time amended, replaced, re-enacted, extended or applied.

^b Guernsey Statutory Instrument No. 36 of 2002.

(3) The provisions of the Interpretation (Guernsey) Law 1948^c shall apply to the interpretation of these Regulations throughout the Bailiwick of Guernsey.

Citation and commencement.

4. These regulations may be cited as the Insurance Business (Asset and Liability Valuation) Regulations, 2008 and shall come into force on the 12th March, 2008.

Dated this 12th day of March, 2008.

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P A Harwood

Chairman of the Guernsey Financial Services Commission

For and on behalf of the Commission

^c Ordres en Conseil Vol. XIII, p. 355.

EXPLANATORY NOTE.

(This note is not part of the Regulations)

These Regulations define the valuation basis to be used by licensed insurers for valuing their assets and liabilities for regulatory purposes in accordance with paragraph 3(1) of Schedule 2 of the Insurance Business (Bailiwick of Guernsey) Law, 2002.