

GUERNSEY FINANCIAL SERVICES COMMISSION

**NOTICE TO ALL LICENSED INSURERS WRITING
GENERAL INSURANCE BUSINESS IN RESPECT OF LOSS
RESERVES FOR SOLVENCY PURPOSES**

The Guernsey Financial Services Commission, in exercise of the powers conferred on it by Paragraph 1 (3A) of Schedule 2 of The Insurance Business (Bailiwick of Guernsey) Law, 2002, as amended (“the Law”), hereby serves notice on all insurers licensed to carry on general insurance business under the Law that for the purpose of determining the claims-based minimum margin of solvency under Paragraph 1 (1) of Schedule 2 of the Law:

- (1) The value of the loss reserves to be used in the calculation of the minimum margin of solvency under Paragraph 1 (1) (b) of Schedule 2 of the Law for business reserved up to the maximum aggregate limit under the policy terms should be nil; and
- (2) The minimum margin of solvency calculated under Paragraph 1 (1) (b) of Schedule 2 of the Law for any particular policy or class of policy will be limited to the maximum residual loss under the policy or class of policy, defined herein as the maximum aggregate limit under the policy terms less the total loss reserves and claims paid to date in respect of the policy or class of policy.