

GUERNSEY STATUTORY INSTRUMENT

2010 No. 18

The Insurance Business (Licensing) Regulations, 2010

Made	9 th March, 2010
Coming into operation	11 th March, 2010
Laid before the States	2010

THE GUERNSEY FINANCIAL SERVICES COMMISSION (in these regulations called “the Commission”), in exercise of its powers conferred by sections 6(3) and 85 of the Insurance Business (Bailiwick of Guernsey) Law, 2002, and after consultation with the States of Guernsey Policy Council, the States of Alderney Policy and Finance Committee and the Chief Pleas of Sark General Purposes and Advisory Committee, hereby makes the following regulations:

Applications for licences.

1. An application for an insurance licence under section 6 of the Insurance Business (Bailiwick of Guernsey) Law, 2002 shall comprise the following:

- 1.1 A fully completed application form in the standard format determined by the Commission, as published on its website, together with the appropriate fee payable in accordance with section 94 of the Insurance Business (Bailiwick of Guernsey) Law, 2002 and any fees regulations made thereunder, where applicable.

- 1.2 Details of ownership including:

- 1.2.1 Sufficient information to confirm the ultimate ownership of the proposed applicant.

- 1.2.2 Sufficient information to confirm the applicant's controllers.
- 1.2.3 A list of the applicant's current shareholders and proposed shareholders on licensing, if different.
- 1.2.4 An organisation chart in sufficient detail to identify all holdings between the applicant and its ultimate holding company and all material associated parties with whom the applicant will trade.
- 1.2.5 The latest audited financial statements of the applicant, where applicable, and ultimate holding company and controller, where different.
- 1.2.6 A short narrative outlining the background of the ultimate holding company and controller, where different.
- 1.2.7 Where a trust is involved in the ownership chain, the following:
 - 1.2.7.1 a copy of the trust deed;
 - 1.2.7.2 the names and current addresses of the beneficiaries;
 - 1.2.7.3 the names and current addresses of the settlors;
 - 1.2.7.4 the names and current addresses of the trustees;
 - 1.2.7.5 the relationship of the settlors to the beneficiaries.
- 1.2.8 The proposed method of capitalisation, whether by way of share capital, letter of credit, subordinated loans or otherwise.
- 1.2.9 Any other information that is relevant to a full understanding of the control or ownership of the applicant or as may be requested by the Commission.

1.2.10 For protected cell companies it will be necessary to provide the above information for each new cell applicant, except where approval has been given on a product or class basis and the Commission has confirmed in writing that such information is not required for new cells covered by the product or class approval.

1.3 A business plan in the standard format determined by the Commission, as published on its website or as may be agreed by the Commission in writing for a particular application, to include:

1.3.1 Financial projections, covering at least the first 3 years of operations of the applicant following licensing to include appropriate stress and scenario testing as follows:

1.3.1.1 forecast profit and loss account, broken down into a technical account and non-technical account;

1.3.1.2 forecast balance sheet;

1.3.1.3 forecast statement of solvency at each year end; and

1.3.1.4 for long term business, forecast statement approved by an actuary.

1.3.2 A description of the nature of the risks which the applicant intends to write.

1.3.3 An explanation of the applicant's strategy for managing risks associated with carrying on insurance business, particularly in relation to reinsurance.

1.3.4 Details of any loss history, identifying the source of the information, and past actuarial studies, if appropriate.

1.3.5 Confirmation that the financial projections are and should be consistent with the loss history and actuarial studies. Where they are not an explanation of why should be provided.

1.3.6 A narrative setting out the rationale for setting up the company in the Bailiwick of Guernsey.

1.3.7 A summary of any proposed portfolio transfers together with an actuarial valuation establishing the transfer value.

1.3.8 The investment policy to be adopted by the applicant together with the names of any investment managers, where applicable, to be utilised.

1.3.9 A narrative, consistent with the business plan, outlining exposures to be underwritten, reinsurance to be obtained and the dividend policy to be pursued (where known).

1.3.10 A summary of the reinsurance programme detailing:

1.3.10.1 reinsurers;

1.3.10.2 security ratings;

1.3.10.3 attachment points.

1.3.11 For protected cell companies, where the cell applicant is to be reliant on the core for solvency, a solvency projection showing the allocation of core capital to all of the individual cells.

1.3.12 For general business only:

1.3.12.1 A summary of the fronting arrangements detailing:

fronters;

security ratings;

commission structures.

1.3.12.2 A summary of how loss reserves are to be calculated and accounted for.

1.3.13 For long term business only:

1.3.13.1 the names and addresses of the parties providing services in relation to the policyholder protection arrangements;

1.3.13.2 copies of the agreements between the parties in relation to the policyholder protection arrangements.

1.3.14 Details of any other forms of business to be undertaken.

1.4 Information required in respect of the applicant's personnel and third party service providers including:

1.4.1 The names and addresses of the current and proposed:

1.4.1.1 directors;

1.4.1.2 officers;

1.4.1.3 managers;

1.4.1.4 general representative;

1.4.1.5 consultants;

1.4.1.6 Money Laundering Reporting Officer, if other than the Money Laundering Reporting Officer of the general representative; and

1.4.1.7 compliance officer, if other than the compliance officer of the general representative.

1.4.2 For all current and proposed directors and general representatives (where the general representative is not an insurance manager licensed under the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002) a Personal Questionnaire, in the standard format determined by the Commission, as published on its website, or a statement from the current or proposed director or general representative that the Personal Questionnaire held by the Commission is a current Personal Questionnaire in accordance with the definition in Schedule 5 of the Insurance Business (Bailiwick of Guernsey) Law, 2002. The Commission may require Personal Questionnaires to be completed by other individuals as it sees fit.

1.4.3 The name, address, date of birth, qualifications, and employment history, of insurance representatives to be authorised by the applicant under section 15 of the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002.

1.4.4 A copy of the auditors' acceptance to act as auditor of the applicant (on headed paper including the name and address of the auditor).

1.4.5 A copy of the actuary's acceptance letter to act as actuary of the applicant, where appropriate.

1.4.6 Details of any other relevant third party service providers, including but not limited to claims handlers and loss adjusters.

- 1.5 The memorandum and articles of association.
- 1.6 The certificate of incorporation.
- 1.7 The details of the bank mandate signing powers.
- 1.8 Confirmation that share capital has been received and/or that letters of credit and subordinated loans are in place and available to the applicant.

Non-locally incorporated domestic insurers.

2. The Commission may by written agreement waive or modify these requirements in the case of an insurer, writing only domestic business within the Bailiwick of Guernsey, which is incorporated and regulated in another jurisdiction.

Business from sensitive jurisdictions.

3. Additional information, to be individually determined by the Commission, may be required where the applicant, controller or ultimate holding company is resident in a sensitive jurisdiction, as published by the Commission on its website.

Other powers to require information.

4. The provisions of these regulations are without prejudice to the power of the Commission to require additional information and documents in relation to any application.

Repeals.

5. The Insurance Business (Licensing) Regulations, 2002 are repealed.

Citation.

6. These regulations may be cited as the Insurance Business (Licensing) Regulations, 2010.

Commencement.

7. These regulations shall come into force on the 11th March, 2010.

Interpretation.

8. 8.1 Any reference in these regulations to an enactment, regulation, rule or code is a reference thereto as amended.

8.2 The provisions of the Interpretation (Guernsey) Law, 1948 apply to the interpretation of these regulations.

Dated this 9th day of March, 2010.

.....

P A Harwood

Chairman of the Guernsey Financial Services Commission

For and on behalf of the Commission

EXPLANATORY NOTE.

(This note is not part of the Regulations)

These regulations define the information required of an applicant when applying for a licence to carry on insurance under section 6(3) of the Insurance Business (Bailiwick of Guernsey) Law, 2002.