



Guernsey Financial
Services Commission

Insurance Supervision and Policy Division

Jeremy Quick, Director

John Dunford, Deputy Director

Agenda

- Review of 2014 activity
- Look ahead to 2015
- PRISM in practice
- Other risk matters



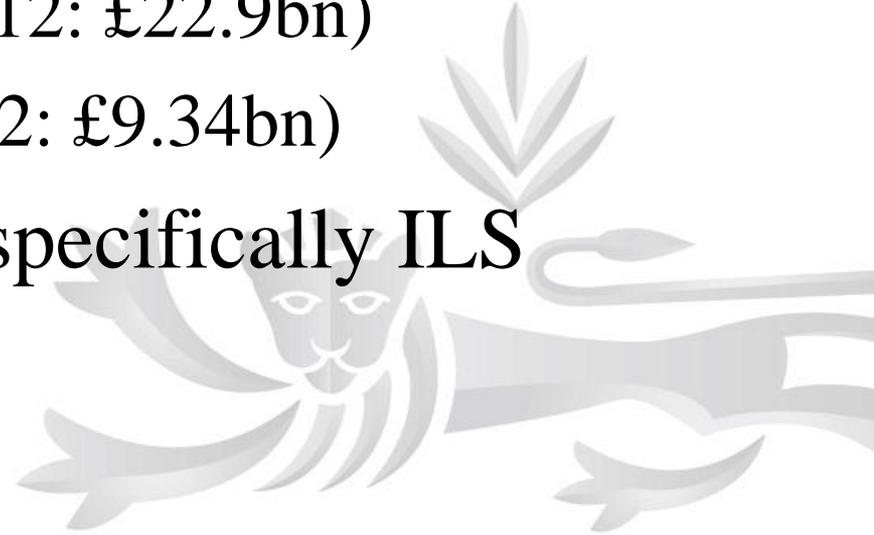
Review of 2014 activity

- Statistics
- Delivered streamlining of workflows
- Solvency framework
- Other ICPs
- Stress testing
- Impact of UK GAAP changes



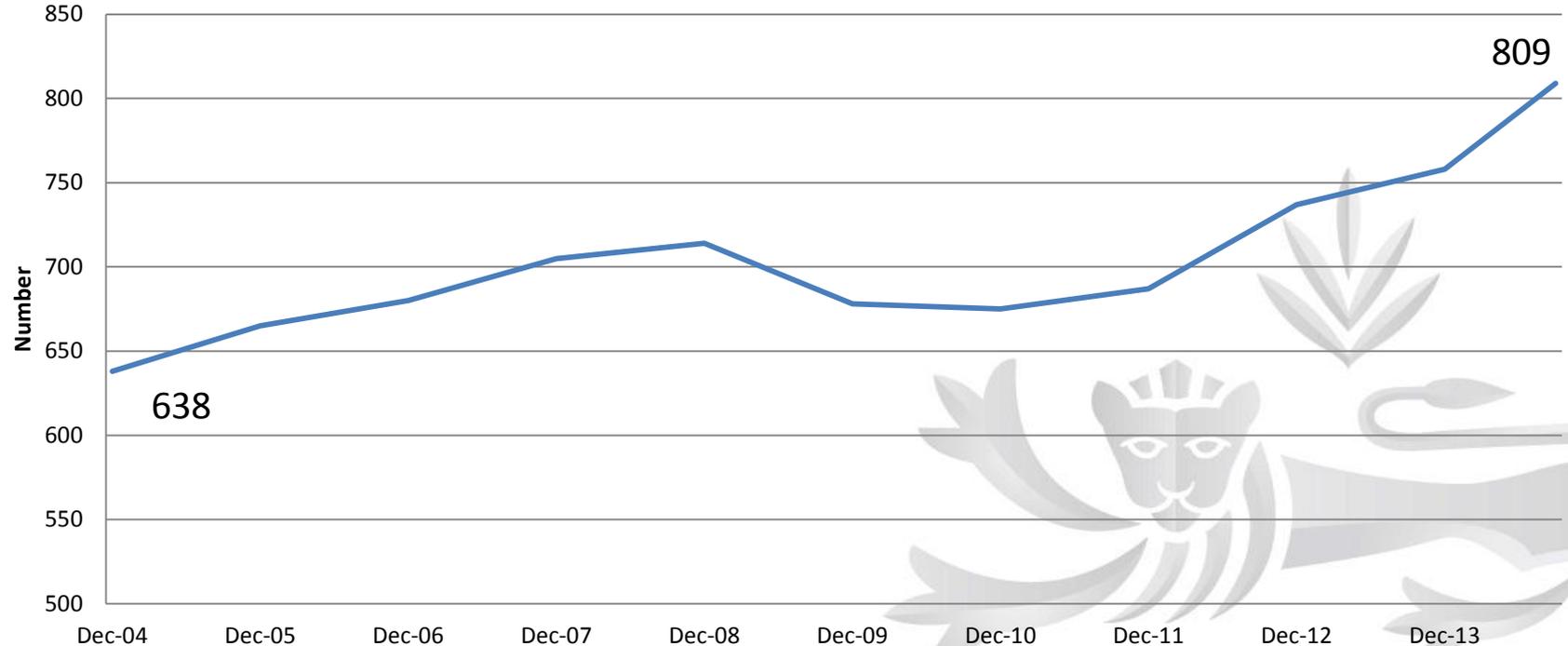
Statistics

- At end 2013
 - Gross Written Premiums £4.83bn (2012: £4.63bn)
 - Gross Assets £22.9bn (2012: £22.9bn)
 - Net worth £10.14bn (2012: £9.34bn)
- Growth still in cells and specifically ILS



Growth in International Insurers

Number of International Insurers



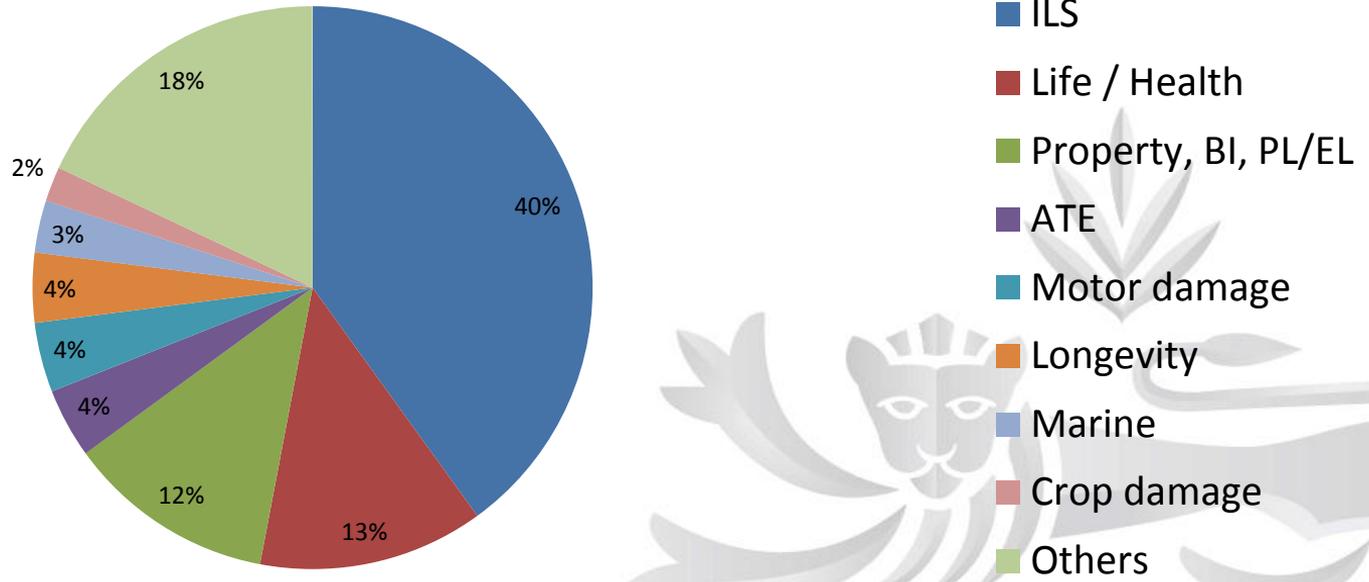
New Business

- 95 new insurers 12 months to September 2014 compared to 79 in the previous 12 months
- Includes 57 PCC cells, 16 ICs and 9 Captives
- 64 surrenders compared to 47



2013/2014 new business

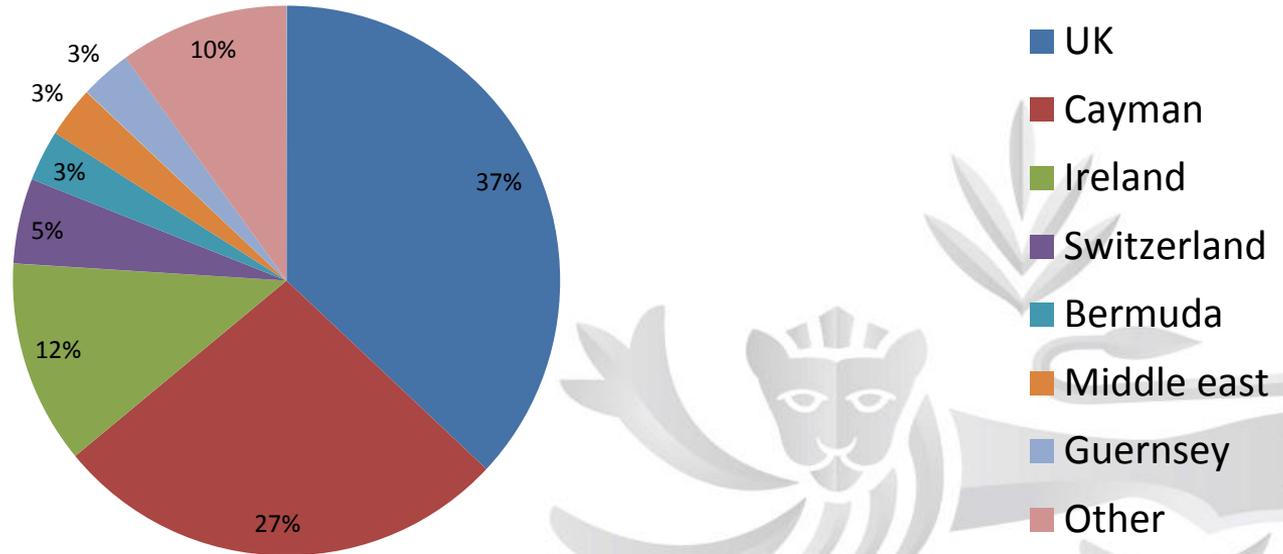
Type of insurance cover written 12 months ended 30 September 2014 (by number of insurers not premium)



2013/2014 new business

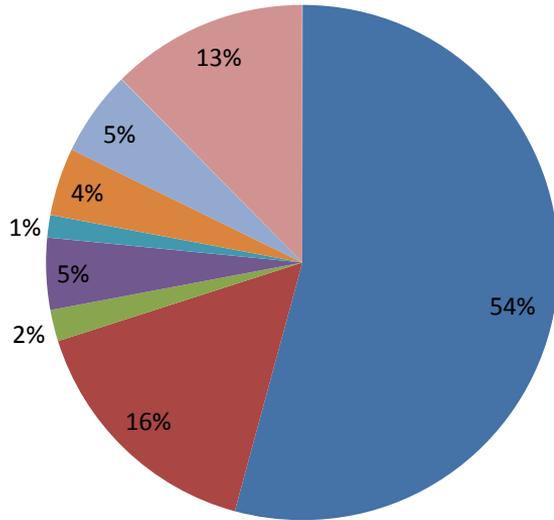
Geographical origin of business

12 months to 30 Sept 2014

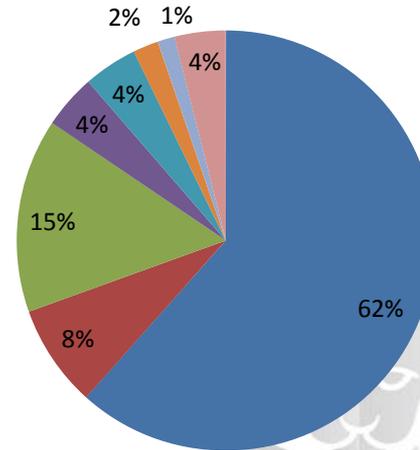


Geographical origin of insurers

Companies



Cells



- UK
- Rest of Europe
- Cayman
- USA
- Ireland
- South Africa
- Guernsey
- Others

Streamlining of workflows

- Business plan changes – issue guidance
- Loans – some automatic approval
- PQs for cell controllers
- Directors and alternates – manager staff
- Applications – fast track paper to GIIA
- Annual returns – ongoing



Risk Based Solvency Regime – ICPs 14-17

- Consensus on confidence level
- States approval of legislation changes
- Draft Rules and Feedback paper to be issued
- Timing agreed with GIIA



Corporate Governance ICPs 7&8

- Proposal to make rules is withdrawn.
- Revised Licensed Insurers' Code of Corporate Governance



Public Disclosure – ICP 20

- Proposed amendments to current Rules
- De minimis exemption for small firms i.e.
 - GWP <£5m
 - Technical Provisions <£25m
- Captives are exempt
- Reinsurers are exempt



Stress Testing

- Stress testing undertaken
- Limited to Medium Low to High impact insurers
- Submission deadline 31 October 2014
- Currently being analysed



Impact of UK GAAP Changes

- FRS 103 imposes disclosure changes
- No benefit seen for solely owned insurers
- Liaison between GIIA, GSCCA and the Commission
- Legislation changes
- Revised audit opinion
- Derogation

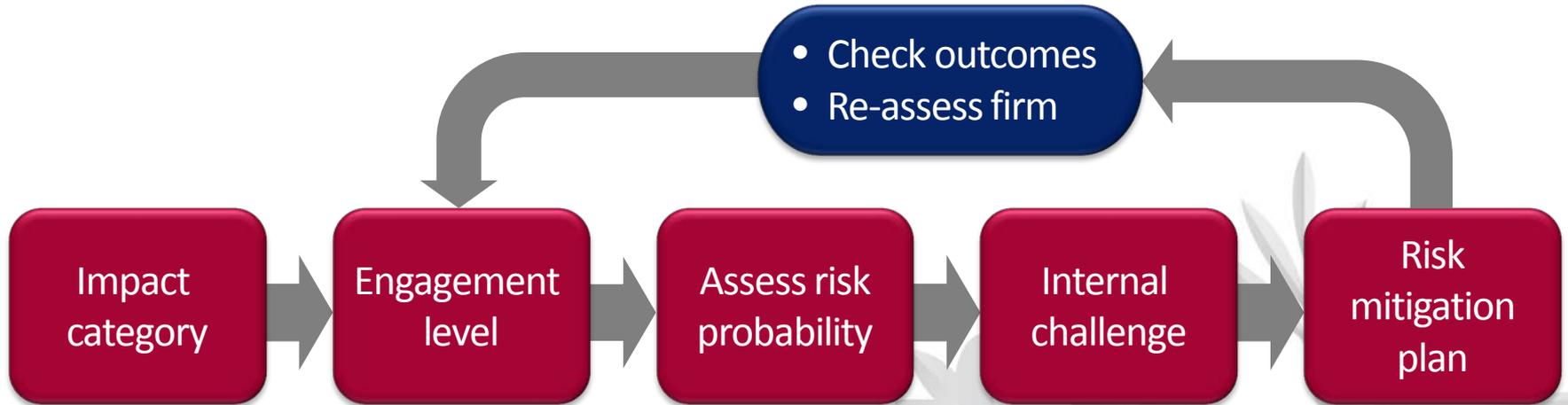


Look ahead to 2015

- Core Principles Gap analysis linked to revision of laws
- Risk Based Solvency Regime becomes operational
- Some insurers will prepare financial statements on a properly prepared basis not true and fair



Supervision under PRISM



Probability Risk

- Strategy/Business Model Risk
- Governance Risk
- Conduct Risk
- Operational Risk
- Environmental Risk
- Credit Risk
- Market Risk
- Capital Risk
- Liquidity Risk
- Insurance Risk
- Financial Crime Risk

Other Risk Matters

- Due diligence
- Quality of applications
- Realistic expectations
- Service Level Standards



Conclusion

- Review of 2014 activity
- Look ahead to 2015
- PRISM in practice
- Other risk matters



Questions?

