

Code of Practice for Branch Operations

THE GUERNSEY FINANCIAL SERVICES COMMISSION, (the Commission), in exercise of its powers conferred on it by Section 78 of The Insurance Business (Bailiwick of Guernsey) Law, 2002, as amended (“the Law”), hereby issues the Code of Practice for Branch Operations.

Requirements

1 If the prudential rules of the home jurisdiction are broadly equivalent to Guernsey’s prudential rules then the Branch Operation is exempt from those aspects of the Law which are focused on prudential supervision. However, the Commission will require sufficient information to understand the Branch business, future development, and the individuals involved in managing the Branch from the Bailiwick. The Commission will exchange communication with the home regulator prior to a licence being issued.

The Commission will require a Branch writing long term business for non-Bailiwick residents to:

- 1.1 Establish a local place of management and maintain separate accounts relating to business written in the Branch. Bank accounts are to be maintained in the Bailiwick.
- 1.2 Appoint a general representative.
- 1.3 Submit a business plan as part of the application including details of:
 - 1.3.1 nature and risks of business being underwritten;
 - 1.3.2 policy conditions;
 - 1.3.3 reinsurance arrangements;

- 1.3.4 assets available to cover required solvency margin;
- 1.3.5 estimate of start up expenses;
- 1.3.6 estimate of management and other continuing expenses;
- 1.3.7 estimate of premiums and claims;
- 1.3.8 forecast balance sheet.

Please also refer to The Insurance Business (Licensing) Regulations, 2010 for other information required as part of the application.

- 1.4 Comply with Guernsey's policyholder protection requirements, details of which are contained in the standard condition imposed under section 12 of the Law on the licences of companies writing long term business.
- 1.5 Localise sufficient assets as agreed with the Commission.
- 1.6 Where appropriate, appoint a suitably qualified Actuary.

The Commission will apply such prudential powers as it sees fit, given the size, nature and complexity of Branch business.

UK authorised insurers who establish Branch Operations in the Bailiwick, transacting business with Bailiwick residents only, are required to report on those matters not exempt as detailed in Section 38 of the Law.