

The Insurance Business (Solvency) (Amendment) Rules, 2018

Made

2 August, 2018

Coming into operation

3 August, 2018

THE GUERNSEY FINANCIAL SERVICES COMMISSION, in exercise of the powers conferred upon it by section 38A of the Insurance Business (Bailiwick of Guernsey) Law, 2002, hereby makes the following rules:-

Amendment.

1. The wording of paragraph 201 of the Insurance Business (Solvency) Rules 2015 shall be removed and replaced with

“Unless otherwise notified in writing by the Commission, a licensed insurer meeting at least one of the following conditions need not meet the requirements of paragraphs 205, 206 and 206A and may limit their assessment to an OSCA only -

- (a) a Category 1 licensed insurers writing life business with a MCR below £350,000;
- (b) a Category 2 licensed insurer with a MCR below £7,500,000;
- (c) a Category 3 licensed insurer with a MCR below £1,500,000;
- (d) a Category 4 licensed insurer with a MCR below £7,000,000;
- (e) a Category 5 licensed insurer; and
- (f) a Protected Cell Company”

2. Paragraph 206 of the Insurance Business (Solvency) Rules 2015 shall be amended as follows:

The following words shall be inserted at the end of the paragraph:

“As a result of continuity analysis, a licensed insurer must maintain a contingency plan and procedures for use in a going and gone concern situation. A contingency plan should identify relevant countervailing measures and off-setting actions that the licensed insurer could realistically take to restore/improve its capital adequacy or cash flow position after some future stress event and assess whether actions should be taken by the insurer in advance as precautionary measures.”

3. A new paragraph to be numbered 206A shall be inserted immediately after paragraph 206 and shall read as follows:

“As part of its assessment referred to in subparagraph 205(d), a licensed insurer is required to use appropriate forward-looking quantitative techniques such as risk modelling, stress testing, including reverse stress testing, and scenario analysis. An appropriate range of adverse circumstances and events should be considered, including those that pose a significant threat to the financial condition of the insurer, and management actions should be identified together with the appropriate timing of those actions. Risk measurement techniques should also be used in developing long-term business and contingency plans.”

Interpretation.

4. (1) Any reference in these Rules to an enactment is a reference thereto as from time to time amended, repealed and replaced, extended or applied.

(2) The provisions of the Interpretation (Guernsey) Law, 1948 shall apply to the interpretation of these Rules throughout the Bailiwick of Guernsey.

Citation.

5. These Rules may be cited as the Insurance Business (Solvency) (Amendment) Rules 2018.

Commencement.

6. These Rules shall come into force on 3 August, 2018.