

3 March 2008

Dear Licensee

**Amendments to The Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002 (“the Law”) and associated Rules, Regulations and Codes**

We are writing to advise you of the current position with respect to the above amendments.

As discussed during the seminar held on 18 February 2008, we currently anticipate the Ordinance to amend the Law and the related Regulations and Codes will come into effect on 12 March 2008. In order to assist you in preparing for these changes, we have placed draft copies of the following Regulations and Codes on our website within the Insurance News section:

- The Insurance Managers and Insurance Intermediaries (Approved Assets) Regulations, 2008 (“Approved Asset Regulations”)
- The Insurance Managers and Insurance Intermediaries (Client Monies) Regulations, 2008
- The Insurance Managers and Insurance Intermediaries (Annual Return) Regulations, 2008
- The Insurance Managers and Insurance Intermediaries Conduct of Business Rules, 2008 (“CoB Rules”)
- Minimum Capital Requirement of Licensees

Please note that these draft documents are subject to possible refinement arising from consultation with the Policy Council and, therefore, have been provided for information purposes only. Until these documents are issued in final form, the existing Regulations and Codes remain in full force and effect. Unfortunately, we are unable to release a copy of The Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) (Amendment) Ordinance, 2008 (“the Amendment Ordinance”) in advance of its enactment.

We are currently in the process of updating other, associated documents on our website and expect to have these, and related guidance notes, etc. posted to the website in advance

of 12 March 2008. Where this is not possible, we will endeavor to amend any remaining documents by the end of March 2008.

As also discussed during the recent seminar, the majority of the requirements contained in this revised legislation will come into immediate effect on registration of the Amendment Ordinance. It should be noted that there is however, a transitional period of 12 months in respect of the following requirements:

1. The requirements contained in the Approved Asset Regulations taking effect.
2. To appoint a Compliance Officer / Function (Section 17, CoB Rules)
3. To implement a sufficiently robust Training and Competence scheme (Sections 18, 19 & 20, CoB Rules)

In addition, licensees are required to revise the professional indemnity insurance that they hold to meet the requirements of Section 15 of the CoB Rules at the earlier of; the point of renewal or within 12 months of the amendment ordinance coming into effect.

Please let us know if you have any queries in respect of the above.

Yours faithfully