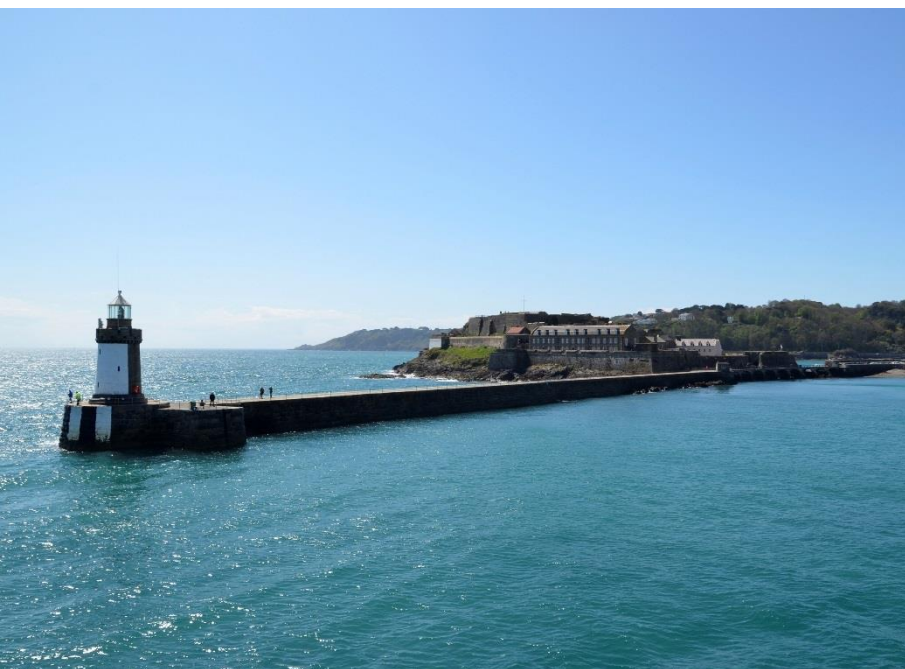

States of Guernsey

Insurance Sector Strategic Review

December 2016



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1 Introduction and report scope

The States of Guernsey ('SoG'), Committee for Economic Development and Finance Sector Development ('FSD') recognise the importance of the Guernsey insurance sector (the 'Sector') to the local economy.

The Sector employs approximately 775 employees, comprising 11% of employees within wider financial services and generating nearly 20% of the finance industry's GDP. The continued health and future growth of the Sector is important to the prosperity of Guernsey.

To ensure the Sector's continued and enhanced future success the Committee for Economic Development has commissioned PwC to carry out a strategic review to understand the Sector and focus on future development opportunities.

Guernsey's size means no one sector or area can be fully assessed in isolation from the wider economy. Many of the themes we encountered during our fieldwork extend beyond the narrower focus of the insurance sector - infrastructure, resourcing, promotion - and readers should consider our findings in conjunction with the results of recently completed, on-going and future reports encompassing areas such as fiduciary, banking, funds, FinTech and air-links, and the SoG's document, *Guernsey Financial Services - A Strategy for the Future*.

What we did

The review team conducted 44 separate meetings and workshops. Locally this included representatives from the civil service, GFSC, Guernsey Finance, Locate Guernsey, CISE, GIIA, GIBA, IIG, licensed insurance managers, insurers and intermediaries, recruitment specialists, lawyers and non-executive directors. Internationally we met with lawyers, ILS fund managers, reinsurers and brokers.

We also consulted widely within our own network, including colleagues in the Cayman Islands, Isle of Man, UK, Hong Kong, Gibraltar, Singapore and Bermuda.

We collected government data on the insurance sector from both Income Tax and the Data & Analysis team who produce the States' statistical publications. Other data was collated through open-source research and direct requests to government departments in other jurisdictions.

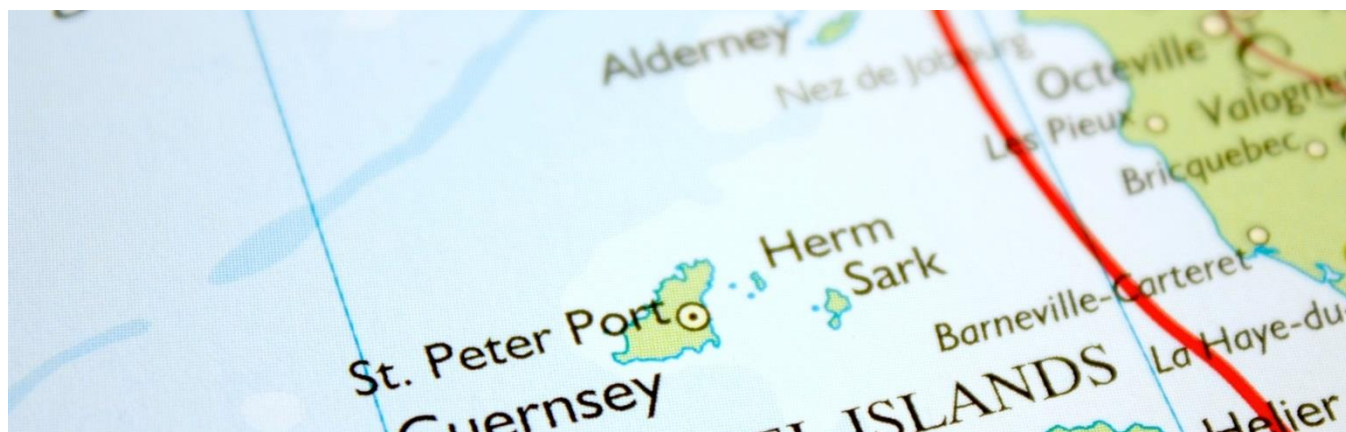
Finally we surveyed the island's licensed insurance managers for their views on local insurance and data on their operations.

Our report findings and recommendations are distilled from a mixture of the items we identified and observations made during these meetings and workshops, combined with the statistics and data we collected, our independent research and network expertise.

PwC have referenced other sources of information throughout this report. Whilst the team has assessed the reliability of such information as being appropriate for inclusion in the report, PwC has not made any formal attempts to validate the information to third party sources.



We have used some abbreviations and acronyms in the report. A glossary explaining these and other terms is included at the end of the document on page 40.





2 Executive summary

The Guernsey insurance sector in 2016 is optimistic: local insurance managers indicated an average confidence level of 3.8 out of 5 (see Appendix 3). The island and its insurance sector have extensive strengths that underpin this.

GDP per employee for the Sector was higher than the total financial services sector in 2015 and insurance employment and GDP numbers have recorded strong growth since 2010 (17% and 36%). Employees within the Sector also benefit from median annual earnings 22% above that of the total Guernsey figure (see Appendix 2).

The Sector is staffed by 775 skilled professionals including chartered insurers, actuaries, accountants and risk modelers, and is complimented by an extensive network of legal, accountancy, investment, compliance and advisory firms. An experienced group of non-executive directors adds a final layer of substance to the presence of the island's international insurers.

The Sector benefits the wider economy directly through travel, hospitality, other ancillary costs such as rental expense, and indirectly through the multiplier effect.

The island is a centre of excellence for captive insurance and international life business. Of the 810 international insurers currently licensed in the island, 347 are captivesⁱ. The results of our Insurance Managers Survey show that third party insurance management, which includes captives, continues to be a significant driver of employee numbers and revenue generation (see Appendix 3).

The island also hosts a myriad of other insurance services including managing general agencies, consulting, retail, kidnap & ransom, aviation and fine art. Most recently, rated, alternative and pensions longevity risk reinsurance have developed and bring with them increased recognition of Guernsey's advantages as a centre for cutting edge insurance developments.

The local Sector has a clear ambition to grow and diversify the range of insurance services on offer and maintain and further establish Guernsey as a leading offshore centre for insurance and reinsurance ('(re)insurance').

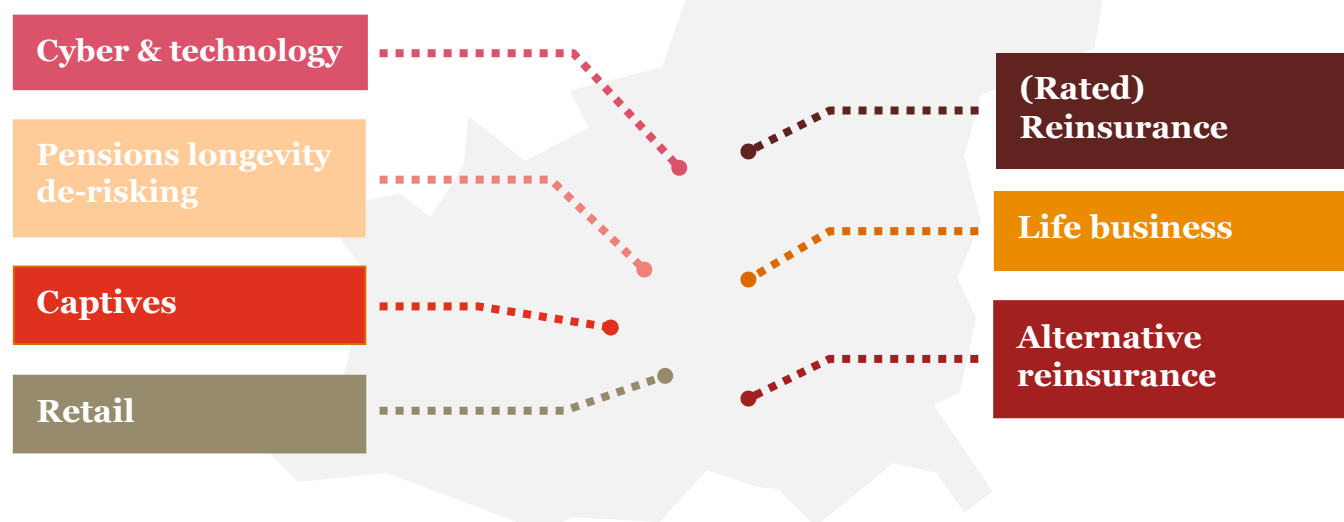
Products, services and market opportunities to help achieve this are good. Offshore insurance is an increasingly competitive field and every part of the Sector must show commitment and a willingness to embrace emerging opportunities if the island is to realise this ambition. Jurisdictional competition for global market share also demands a sustained promotion of the local insurance sector's expertise and differentiators.

The States of Guernsey have recently introduced a less restrictive population objective and a new population management system will begin in April 2017. This provides scope for further targeted talent recruitment from outside the island. The high level of skills and qualifications of staff within the financial services are also often transferable between sectors.

The Sector is well-placed to take advantage of growth opportunities. It is now for industry leaders and stakeholders to work together to take clear, proactive steps to realise them.

Seven key opportunities

The report describes seven key opportunities for the local insurance industry to continue its development:



ⁱ GFSC

2. Executive summary (continued)

In order to maximise the conversion success of these opportunities and address any significant challenges, we have made a series of strategic recommendations. These are grouped into four themes: **market consolidation & expansion, regulation & legislation, promotion** and **resourcing**.

Recommendations within each theme are prioritised in descending order as Highest, Important or Preferable. The report also allocates a timeframe and the parties who should carry them forward. Finally each recommendation is referenced back to the seven growth opportunities.

Below are listed the highest priority recommendations (see Section 5 from page 16 for full details).

Market consolidation & expansion

Target the international (re)insurance ‘movers and shakers’

- The Sector should draw up a target list of key executives and entrepreneurs in the reinsurance and alternative reinsurance international community to pitch directly the benefits of Guernsey as a place for them to do business. They could start the domino effect.

The establishment of a regular Sector forum

- A Sector-wide regular forum should be established to ensure strategic alignment.

Sector-specific GDPR impact assessment

- The EU’s GDPR will have a significant, unavoidable impact on Guernsey financial services businesses. The data-heavy nature of insurance means the Sector needs to pay special attention.

Regulation & legislation

Formation of a convergence capital working party to devise new legislation and regulation

- Alternative reinsurance has potential for huge growth. Offering a legislative and regulatory framework engineered specifically for this market would be a loud statement of intent from the island and place Guernsey ahead of its competitors.

Resourcing

The creation of a skills-in-demand list for the insurance sector

- SoG’s new population management system includes provision for employment permit prioritisation on the basis of skills shortages and potential economic benefit. GIIA should create and maintain a list of skills-in-demand on behalf of the Sector and ensure this is shared regularly with the Population Management Office via the newly formed ‘Population Employment Advisory Panel.’

Promotion

Continued SoG support of Guernsey Finance and Locate Guernsey

- SoG should prioritise the continued support of both agencies and work with them to develop sustainable, long-term funding models.

Design promotional materials and a distribution strategy to support the new ‘SPI Rules’

- The new SPI Rules will improve the ease with which alternative reinsurance business can be run from the island. This should be communicated to the insurance market in tandem with their launch in 2017.

Conclusion and next steps...

Insurance is an expanding portion of global GDP and the OECD forecasts GDP to more than double by 2050¹. Demand for insurance cover can only be expected to increase. The potential avenues for Guernsey's insurance sector to explore are many and varied.

Guernsey occupies a strong niche within international insurance. This report identifies opportunities that could help further develop and broaden the industry into a fully-fledged market, and some of our recommendations are necessarily ambitious.

The offshore insurance market is increasingly competitive and the island cannot afford to rely on reactive changes to keep pace. With cellular company legislation Guernsey set a precedent for what the introduction of cutting edge innovation can achieve. The opportunity in alternative, pensions longevity risk, rated and general reinsurance is particularly evident. They demand a clear statement of intent from the island through continuing strategic legislative and regulatory enhancements, expanded promotional activity and investment in industry talent.

Evelyn Brady
Partner



¹ OECD (2016), *GDP long-term forecast (indicator)*



3 The insurance sector

3.1. Global insurance

Insurance is vital for the world economy to operate effectively. It reduces the uncertainty faced by businesses and individuals, encourages investment and reduces the capital that organisations need to operate.

The industry stands on the brink of huge shifts in technology and influence. Capital from international investors is finding its way into the system via new routes that bypass the traditional global reinsurers. China and the emerging markets are recording premium growth rates four times that of advanced marketsⁱ and FinTech developments are revolutionising the way insurers analyse data and interact with policy holders.

Yet the world remains underinsured. Whilst the insurance industry is one of the largest sectors in the world economy, with total premiums in 2012 estimated at \$4.65 trillion, the insurance gap remains wide: emerging markets, for example, contribute 40% to global GDP but represent only 16% of global insurance premiumsⁱⁱ.

Insurance take-up is positively correlated to economic indicators such as GDP and as the world continues to develop the insurance market is also expected to grow.

3.2. Insurance in Guernsey

The end of 2015 saw a total of 804 international insurers licensed in Guernsey, 55% of which were individual cells within cellular companies (see Appendix A2.2, Fig. A2.2a). Many of these cells are utilised as captives.

The island also hosted 19 insurance managers at the same time including leading global insurance players such as Willis Towers Watson, Artex, Marsh and Aon, and independent, home-grown businesses such as Robus and Alternative Risk Management.

An active international life industry is present in Guernsey offering tailored life insurance-based products to global customers including expatriates and multinational

employers. Local retail insurance sees over thirty intermediaries selling the personal and commercial products of international insurers and some of the island's eight domestic insurance companies.

Fig 3.2a - Guernsey insurance timeline

Year	Event
1790s	Guernsey entrepreneurs are some of the first to 'under write' their names on a Lloyd's of London insurance contract ⁱⁱⁱ
1920s	Guernsey's first 'captive'
1973	First captive 'manager' established in Guernsey
1983	GICMA (later GIIA) founded
1986	Insurance business law introduced
1997	PCC legislation introduced
2002	Insurance business law revised and law for insurance managers and intermediaries introduced
2006	ICC legislation introduced
Late 2000s	Alternative reinsurance structuring begins in Guernsey
2014	BT reinsures its pension longevity risk via a Guernsey captive
2014/5	First rated reinsurance companies established in the island
2016	Consultation on new 'SPI Rules' by GFSC

Some of the Sector's key statistics are presented on the next page.

Appendix 2 gives further detail on regulatory and economic statistical data of the Sector.

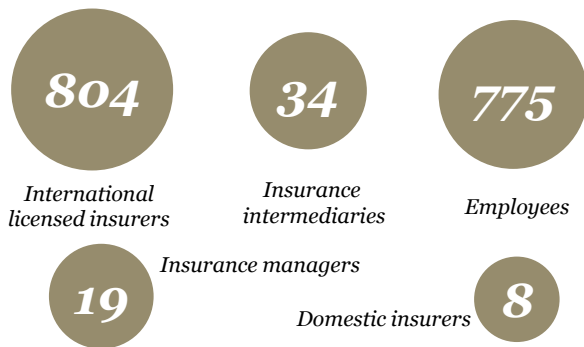
The global insurance market is immense but in essence remains a simple proposition:
the transfer and diversification of risk.



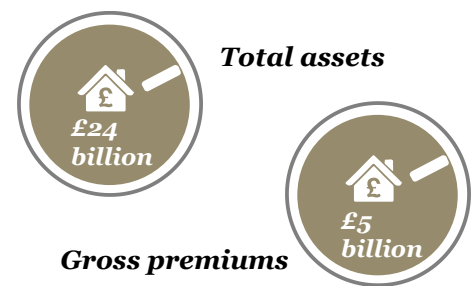
i. Swiss Re, *Sigma - World insurance in 2015: steady growth amid regional disparities*
ii. Lloyd's of London
iii. Michael A. Ward, F.C.I.I., F.I.R.M., *Guernsey's Insurance History – An Initial Essay*

3.3. Local insurance at a glance

Insurance licensee statistics (2015)



Insurance volumes (2014)



Gross domestic product (2015)

£2,355 million £734 million £145 million



Guernsey



Financial services



Insurance sector

Of which:

Insurance managers:	£84 million
Domestic:	£22 million
Offshore life:	£21 million
Brokerage:	£12 million
Captives:	£5 million
Others:	£2 million

GDP per employee (2015)

£75,000



Guernsey

£109,000



Financial services

£187,000



Insurance

Tax contribution (2014)

£298 million



Guernsey

£85 million



Financial services

£7 million



Insurance

Of which:

£5 million

International

£2 million

Domestic

Social security contributions (2015)

£157 million



Guernsey

£4.4 million



Insurance

Other*

Flexible regulator, local expertise, proximity to London, innovation



Top recognised strengths

3.8 on a scale of 1 to 5



Optimism of insurance managers about future of the Sector

Pensions longevity de-risking, captives, reinsurance (incl. rated), cyber & technology, alternative reinsurance



Top 5 recognised growth areas

UK



Top customer region

*As part of our research PwC took the opportunity to survey the local insurance management industry. Nine managers with significant local operations were approached for responses on a wide range of topics. The results of this survey have been presented in Appendix 3 and are referenced throughout the report.

Strengths

- ✓ **Breadth, depth and diversity of financial services**
 - ✓ **Regulatory environment**
 - ✓ **Trust and credibility**
 - ✓ **Innovation and agility**
 - ✓ **Insurance management expertise**
 - ✓ **Data sovereignty**
- ✓ **International e-connectivity and cyber protection**
 - ✓ **Cost of business**
 - ✓ **Quality of life**
 - ✓ **Outside the EU**
 - ✓ **Convenient time zone**
- ✓ **Political and social stability**
 - ✓ **Consumer protection**
- ✓ **Multiple company structures**
 - ✓ **Transparent tax neutrality**

Full details of these strengths are given in Appendix 1.



The future vision

3.5. The future vision

The States of Guernsey's approach to financial services is captured within its 2014 report, *Guernsey Financial Services - A Strategy for the Future*. This also sets out objectives for the insurance sector (see above left).

This report builds on that document and identifies opportunities and recommendations that align with and confirm the continued relevance of these four objectives. The report also introduces new themes for the States of Guernsey to consider, including retail, cyber and technology.

Ambition

Local Sector leaders are clear in their ambition for the island: **to expand the range and depth of service on offer and establish Guernsey as a leading offshore (re)insurance centre and fully-fledged insurance market.** PwC supports this view.

Opportunity...

The Sector stands at a pivotal point in its development. New products, services and technologies are beginning to influence the market and are generating increased recognition of Guernsey's advantages as a site for cutting edge insurance developments.

Uptake of traditional captives has been impacted by the soft market and UK IPT increases, but these vehicles are beginning to attract interest from new markets such as China.

...and challenge

Offshore financial services have never been more competitive. Discussions with our contacts in competitor jurisdictions make it clear these locations are hungry for as much growth as they can win.

Guernsey must be innovative and agile. The island's success requires commitment, action and a continuing embrace of emerging technology and change. Guernsey's strengths and the opportunities available mean the island is well placed to achieve this.



4 Opportunities

4.1. How we identified these

The report identifies seven specific opportunities for Sector growth. Each has been assessed against the following criteria:

- *Economic potential*
- *Ease of realisation (cost, time and available resources)*
- *'Fit' within Guernsey's existing financial services industry*
- *The States of Guernsey strategic objectives for the Sector*

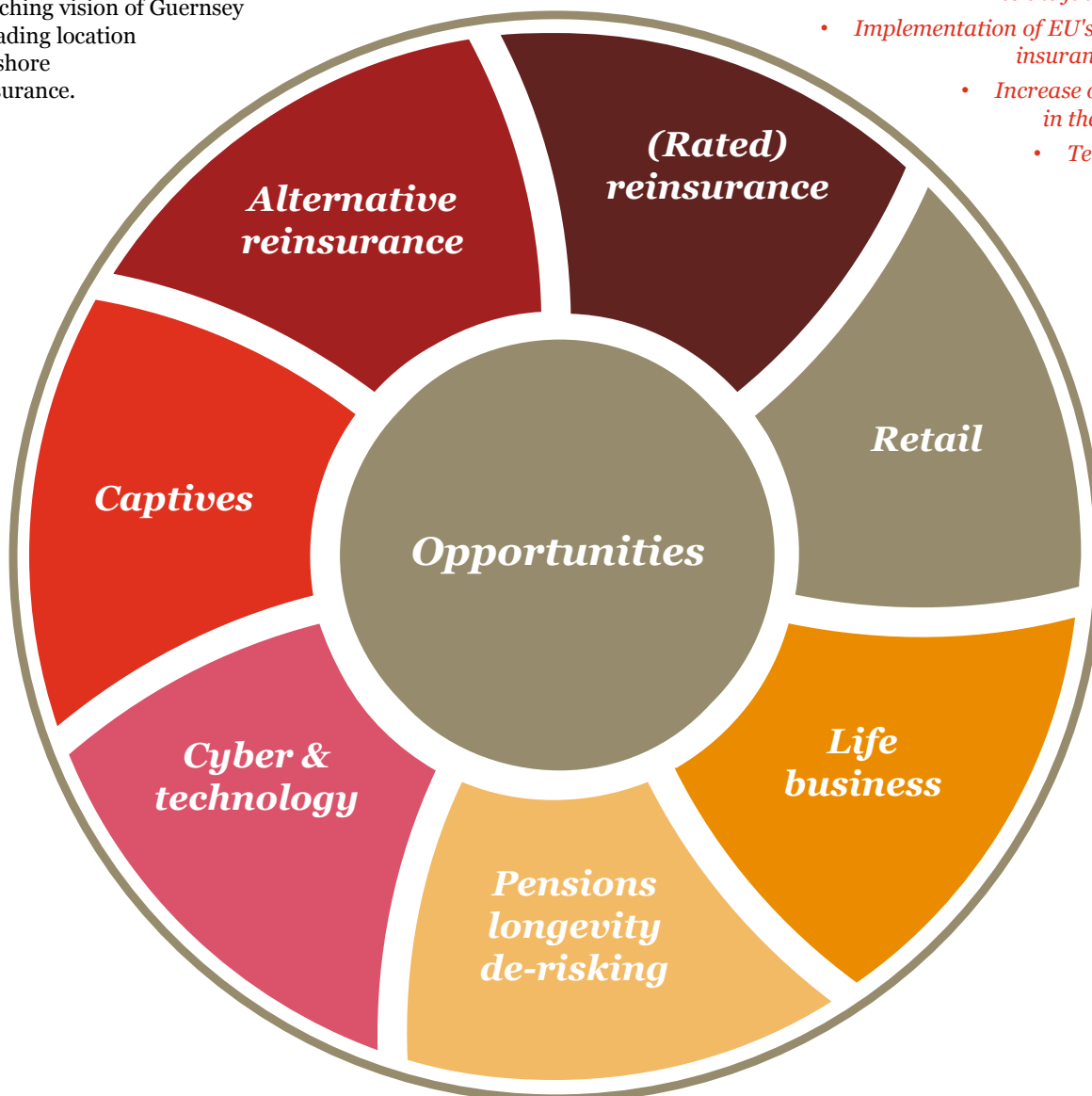
The opportunities for growth are broad enough for all elements of the Sector to benefit. Focusing on these areas will also attract new brokerage firms and new underwriters to the island, resulting in the achievement of the overarching vision of Guernsey as a leading location for offshore (re)insurance.

4.2. The case for growth

Many key ingredients for growth are present in the island already. The *Strengths* section (Appendix 1) identifies the island's core attributes, all of which in some way support the seven opportunities for the Sector.

Macro economic circumstances also exist today to help fuel further development of Guernsey's insurance industry. The Sector can use these to drive expansion and mature towards a complete insurance ecosystem:

- *Increasing global prosperity and population driving demand for insurance*
- *Aging populations placing pressure on pensions*
 - *Growth in alternative capital in response to the financial crisis*
- *Implementation of EU's Solvency II insurance Directive*
- *Increase of cyber risk in the digital age*
 - *Technology as a disruptor*



4. Opportunities (continued)



£3 trillion

The UK private sector defined benefits ('DB') pension market (PwC analysis)

6,000

DB schemes estimated to exist in the UK alone

£3.9 billion

212 of which had average assets of £3.9 billionⁱ

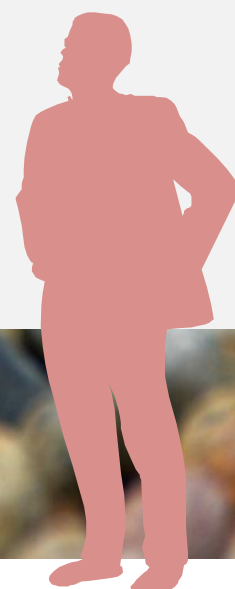
- Recent PwC research indicates that 91% of schemes had a scheme funding deficit at their latest valuationⁱⁱ. Deficit increases are driven in part by poor market returns on pension assets and the potential that pensioners might live longer - termed 'longevity' risk.
- Longevity swaps are now firmly on the table, with **40% of DB schemes having considered a longevity swap transaction**ⁱⁱⁱ. These swaps allow scheme sponsors to mitigate the risk of their pensioners living longer by converting it into a known liability. Not only does this reduce the sponsor's monetary exposure, it also allows them time to spend managing other less controllable risks.
- In a reinvention of an existing mechanism, **Guernsey captive insurers have recently facilitated headline-making longevity risk deals on behalf of UK schemes** (BT and the Merchant Navy Officers). But rather than a financial swap, **reinsurance is at the heart of the transaction**: a transference of the longevity risk to major reinsurers who want to diversify portfolios heavy with mortality exposure.
- **Guernsey's lead in this area has put the island on the map as the place to come for longevity de-risking solutions.** Figures indicate there is a **large volume of DB schemes** that could potentially follow suit and the results of the Insurance Managers Survey show local managers see this area as having high growth potential for Guernsey (see Appendix 3).

*Pensions
longevity
de-risking*

*(Rated)
reinsurance*



- Reinsurance allows risk to be diversified and underpins the global insurance industry. **Guernsey has a budding reinsurance industry** which has recently benefitted from the establishment of several high profile businesses involved in the alternative reinsurance market, notably Kelvin Re, Humboldt Re and Secquaero Re.
- The impact of the EU's Solvency II regime on global insurance dynamics will take some years to crystallise. However **Guernsey is already well positioned to offer an alternative base for reinsurers seeking lower capital requirements and cost base** whilst still benefitting from world-class regulation.
- Guernsey can assist this growth by creating the right conditions, such as easy access to rating agencies and availability of employment permits for expert risk modelers and underwriters. Vital to this market will be capturing the interest of the movers and shakers with the power and resources **to locate new business to the island.**



ⁱ The Purple Book (DB Pensions Universe Risk Profile) 2015

ⁱⁱ PwC, 2016 Pension Scheme Funding Survey

ⁱⁱⁱ PwC & Redington, Annual Pensions Risk Survey 2016

4. Opportunities (continued)

- Cyber risk means the financial loss, disruption or damage to business reputation and operations as a result of IT failures. This is often associated with hacking, a recent example of which was the theft of personal data from 500 million customers of Yahoo. The impact on affected businesses can be immense and yet **insurance cover for these risks remains misunderstood and under-insuredⁱ**.
- Corporations are unable to secure the comprehensive cover they need and this is leading to innovative solutions from insurers working hand-in-hand with cyber security firms.
- **Guernsey's strengths include excellent e-connectivity, security and data protection.** The island is also home to a growing sector of specialist FinTech companies. The island's strategic advantages for tech firms (data storage facilities, secure, fast internet connections) mean **Guernsey is well placed to provide a base of operations for these new businesses.**

Cyber & technology

Life business

- International life business has been a vital part of the Guernsey insurance sector for many years.
- The population of internationally mobile employees is on the increase and with it demand for tax efficient, tailored life products. Guernsey provides a suitable framework for the cover required and the major life providers and service companies in Guernsey **see potential for further expansion of their local businesses.** Life plans are highly customised and so **the availability of staff with the specialist skills is pivotal** if these business are to continue their success from Guernsey.



- Goldman Sachs recently identified alternative capital, or 'convergence' capital, as one of their **top global disruptive themes**, alongside other 'game changers' like e-cigarettes, 3D printing and Big Dataⁱⁱ.
- Alternative capital is now a firmly established pillar of the global reinsurance market with the **potential to double in scale in the next five years** (see Appendix 4.2).
- At present Guernsey serves as host to the 'transformer' vehicles (predominantly in the form of cells) that simultaneously provide reinsurance to cedants with books of catastrophe risk, and issue securities to private capital investors. This is a **high value, low footprint activity for Guernsey** insurance managers where their captive experience is transposable.
- With **Guernsey's fund management and administration expertise**, and the presence of the CISE, the **island has all the components** needed to build itself into the **alternative reinsurance hub for Europe.**

Alternative reinsurance*

ⁱ Ponemon Institute LLC and Aon Risk Services, *2015 Global Cyber Impact Report*

ⁱⁱ Goldman Sachs, *The Search for Creative Destruction*

* Appendix 4.2 'Alternative reinsurance explained' has further background

4. Opportunities (continued)

Retail

- Legislation and regulation in the UK means that local retail insurers are unable to market policies directly into the UK for lines such as motor and property. Gibraltar, on the other hand, is able to access the UK market and in possession of similar cellular company laws to Guernsey and has seen a huge influx of retail insurers. One in six UK motorists are now covered by a policy written from Gibraltarⁱ. Interviews conducted by PwC with Guernsey retail underwriters and brokers revealed an appetite to access the UK market in similar fashion.
- **Brexit raises many possibilities for Guernsey** and one of them is the opportunity to negotiate a mechanism by which Guernsey-based insurance businesses can access the UK market. Gibraltar serves as an example of the attractiveness to UK orientated insurers of flexible, sophisticated regulation and legislation. Guernsey's proximity to the UK would only strengthen the island's appeal to them if direct retail access to the UK became feasible.

Captives

- Traditional captives remain **the core of Guernsey's international insurance market**. Take-up of new captives has levelled over recent years, impacted by a variety of factors such as recent increases in UK IPT rates (12% from June 2017). Local managers and UK brokers have started to look to new markets and products with which to bolster the pipeline of new business.
- **Guernsey is well known as providing captive insurance services to significant numbers of public companies. Approximately 40% of the FTSE100 and 95 of the global 500 companies have captives in Guernseyⁱⁱ.**
- **'Association' or 'group' captives providing risk management services to smaller businesses acting together are one avenue of potential expansion for the local industry.** So too the concept of PORCs and POICs that allow intermediary businesses to benefit from premium incomes that would usually find their way to the insurers. The growing popularity of intermediary-owned arrangements is evidence of the **continuing reshaping of the insurance market** and of the opportunities available for jurisdictions agile and astute enough to capitalise on them.
- Captives also present an opportunity for parent entities to self-manage cyber risk. Policies can be written and calibrated over a period of years to find the correct balance of cover. If desired this cover could then be reinsured to the market.
- The Chinese government has recently established Kashgar as a centre for the country's growing captive insurance sector. An invitation by CIRC to the GFSC and local business representatives to attend this year's First Asia-Europe International Captive Conference and the soon-to-be-signed MoU between the two regulators go far in evidencing the regard China holds for Guernsey's captive pedigree. Captives have also proved a popular topic of conversation for the GFSC's representatives in Hong Kong. Whilst acknowledging the difficulties of distance, and differences in language and culture, **China and the vast Asian markets present real avenues of growth for Guernsey businesses** prepared to invest in travel to the region.

ⁱ. New Statesman, *Rock steady: the story of Gibraltar's booming insurance sector*

ⁱⁱ. Carey Olsen, *A Diverse Business - Guernsey's Insurance Sector*

5 Themes and recommendations

5.1. How we generated and prioritised these

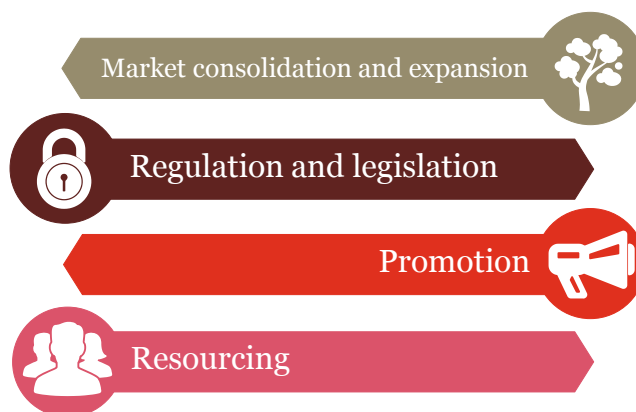
The recommendations detailed within this section are direct responses to the opportunities and challenges for the Sector.

Recommendations are grouped into four themes (see right) and each is prioritised in descending order as either Highest, Important or Preferable. Those judged as Highest priority also include a brief cost/benefit analysis.

One of three timeframes is indicated: Short (0-6 months), Medium (6-24 months) and Long (24+ months).

The report also allocates lead and supporting responsible parties best placed to carry each forward*.

Finally each is referenced back to the seven opportunities detailed on pages 12 to 15.



5.2. Market consolidation and expansion: enriching the ecosystem

The principal vision of Sector leaders is the establishment of Guernsey as a **leading offshore (re)insurance centre** and the **realisation of a fully-fledged insurance market**.

This theme covers recommendations for consolidating the current market and facilitating direct development of the seven identified opportunities. It also encompasses geographic market expansion.

With successful conversion of the opportunities and appropriate reaction to the challenges, the attraction of the island as a place to do business for international brokerage firms, insurance managers, underwriters and new regions will increase.

Market consolidation and expansion				
Recommendation	Priority level	Time-frame	Who	Relevant Opportunities
Target the international (re)insurance ‘movers and shakers’ <ul style="list-style-type: none"> GIIA should <u>draw up a target list of key executives and entrepreneurs in the reinsurance and alternative reinsurance industries</u>. This would include ILS managers, the boards of international reinsurers and brokers, and cutting edge underwriters of developing risks such as cyber. ILS managers and reinsurance brokers, in particular, are few in number and the identification of key individuals and links to them is achievable. Through face-to-face meetings Locate Gsy can then make a tailored pitch on the benefits to them of operating from or through the island. 	Highest	Med	GIIA Locate Gsy, Gsy Fin	
Cost/Benefit				
Low to medium cost but high potential benefit: a small number of conversions could start the domino effect that Guernsey needs to develop towards a complete market.				

* Where GIIA is referenced as a responsible party this is intended to include the wider local insurance industry

5.2. Market consolidation and expansion: enriching the ecosystem (continued)



Market consolidation and expansion

Recommendation	Priority level	Time-frame	Who	Relevant Opportunities
The establishment of a regular Sector forum <ul style="list-style-type: none"> A Sector-wide regular forum should be established. A plenary session would be an opportunity for all Sector participants to discuss matters impacting the industry and to share ideas, concerns and developments. The Sector cooperating and moving as one is important for stability and successful expansion. Stakeholders often have different priorities and stances on matters. A forum at which all parties can discuss and explain their position will strengthen the insurance sector's cohesiveness and ensure strategic alignment. The convergence capital working party (see page 19) should sit beneath and form part of this Sector forum. 	Highest	Short	GIIA GIBA, GFSC, Gsy Fin, Locate Gsy, SoG (FSD)	
Cost/Benefit				
Direct costs will be negligible though some time investment from senior industry representatives will be required. Benefits could be far ranging but principally that a forum will permit strategy to evolve at a Sector level.				
Sector-specific GDPR impact assessment <ul style="list-style-type: none"> The EU's GDPR will have a significant, unavoidable impact on Guernsey financial services businesses. The data-heavy nature of insurance means the Sector needs to pay special attention. SoG understands this challenge/opportunity and has already taken action to address it. However we recommend <u>the performance and distribution of a Sector-specific GDPR impact assessment</u> to ensure members of the industry are appropriately informed and able to make any necessary modification to their data control and management. 	Highest	Short	GIIA	
Cost/Benefit				
Direct costs will be negligible though some time investment from senior industry representatives will be required.				
Engage with UK regulators on pensions longevity risk reinsurance <ul style="list-style-type: none"> The potential growth in longevity risk reinsurance for the island is excellent and Guernsey must take an open, proactive approach in dealing with any UK regulatory developments in relation to Guernsey-based transactions to ensure its continued smooth growth. 	Imp't	Short	GFSC GIIA, SoG	
Create an ILS listings package <ul style="list-style-type: none"> Interviews with local insurance managers, legal experts and ILS managers indicate that Guernsey could offer a European market for these instruments. The offering must be clear, simple and cost effective enough to lure business from the Bermudan market. We recommend that industry and the regulator works with the CISE to <u>create a streamlined, standardised framework for ILS listings</u> that clearly defines the application of the listing rules, timelines, procedures and costs for bringing ILS listings to market and describes the supporting fund administration, legal, accounting and management services available. 	Imp't	Med	CISE GIIA, GFSC, GIFA, Gsy Fin	

5.2. Market consolidation and expansion: enriching the ecosystem (continued)



Market consolidation and expansion

Recommendation	Priority level	Time-frame	Who	Relevant Opportunities
<p>Ensure Guernsey uses seat at the negotiating table with the UK to explore mainland retail insurance access</p> <ul style="list-style-type: none"> It is expected that Britain's departure from the EU will trigger a renegotiation of the relationship Gibraltar (and the Crown Dependencies) has with the UK and may even lead to changes in British insurance laws and regulation. This may allow opportunity for Guernsey to reposition its current access to the UK insurance market and open up new avenues for retail insurers based in the island. <u>SoG should use its seat at the negotiating table with the UK to explore mainland retail insurance access.</u> 	Imp't	Med	SoG GFSC	
<p>A Guernsey 'route to rating'</p> <ul style="list-style-type: none"> Rated reinsurance is another area in which Guernsey could excel. The establishment of entities like Kelvin Re has caught the attention of the alternative reinsurance market and others will be considering moves to replicate that model. By defining a clear route to obtaining a rating for this niche business some of the barriers to entry will be reduced. Insurance managers and government <u>should collaborate with rating agencies to create a standardised rating framework for local reinsurance companies.</u> An ideal scenario would see the presence of a rating agent in Guernsey either through a permanent establishment or regular visits. 	Pref	Med	GIIA SoG, GFSC	
<p>Prepare an industry BEPS/DPT paper</p> <ul style="list-style-type: none"> Guernsey is well placed to answer the challenge of BEPS. Under increasing international scrutiny Guernsey must ensure it continues to evidence the real substance in its insurance arrangements with a detailed, robust and consistent position. GIIA should <u>lead the delivery of a detailed paper on the mechanics and substance of the island's captive arrangements</u> for distribution to and use by its members if the need arises. Collaboration with the island's 'BEPS Working Party' would be beneficial in achieving this. 	Pref	Short	GIIA GIBA, Lawyers	
<p>Industry to perform a cost/benefit analysis of direct flights to European financial hubs</p> <ul style="list-style-type: none"> If Guernsey is to establish itself as an insurance market and reinsurance centre in its own right then efficient physical links with London and continental hubs, such as Zurich, will be beneficial. The development of these routes will only be seriously considered if the finance and business sectors provide substantive evidence of the economic long-term benefit they will bring. The onus is thus on industry to <u>undertake detailed research and cost/benefit analysis of any new air links they believe would be advantageous for Guernsey insurance business.</u> 	Pref	Med	GIIA GIBA, SoG	

5.3. Regulation & legislation: oiling the wheels

Guernsey's regulatory environment, financial legislation and regulator frequently attracted praise during both local and international interviews conducted by PwC.

New industry trends and product evolutions require the ongoing recalibration of offshore insurance centres so that they remain competitive and relevant. The seven opportunities identified in this report could benefit from Guernsey continuing to make strategic legislative and regulatory enhancements to set the island apart from its competitors as an offshore location of choice for (re)insurance.

A case for regulatory adaptation

In 2010 64% of all global ILS listings took place in the Cayman Islands. By 2015 this had fallen to just 12% with Bermuda dominating the statistics at 74%ⁱ. This was driven by Bermuda issuing legislation tailored to capture alternative reinsurance growth. The scales were tipped and Bermuda is currently the world's ILS capital.

A similarly bold, proactive response to regulation could give Guernsey a significant competitive advantage.

Alternative reinsurance is predicted to double in scale by 2020 (see Appendix 4.2) and cyber insurance is similarly expected to undergo huge growth. These seismic developments, and the potential benefits to Guernsey of winning even small chunks of the business they will generate, demand local responses tailored to them.

The GFSC's forthcoming 'SPI Rules' are designed to bring Guernsey level with Bermuda and other locations already in possession of SPI-type laws and regulations. This is a positive development and will attract interest.

Guernsey is rightly proud of innovations such as cellular company law which has brought much business to the island. The current opportunities for growth through diversification mean the time is right for Guernsey to be innovative again.


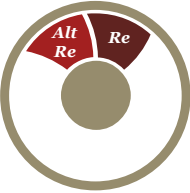




Regulation and legislation

Recommendation	Priority level	Time-frame	Who	Relevant Opportunities
Formation of a convergence capital working party to devise new legislation and regulation <ul style="list-style-type: none"> A financial sector-wide working party should be formed to formulate and align Guernsey's response to convergence capital and its huge cross-sector growth potential. The group's remit should be ambitious and encompass regulatory and legislative innovation. The evolution of Guernsey into a European alternative reinsurance hub demands a seamless and bold response from a range of local financial and ancillary services: insurance, investment and banking sectors. 	Highest	Short	GIIA GIFA, GIBA, AGB, GFSC, Lawyers, Gsy Fin, SoG (FSD), Law Officers	
Cost/Benefit				
Direct costs will be negligible though significant time investment from senior industry representatives and SoG will be required. Offering a legislative and regulatory framework engineered and launched specifically for this market would be a loud statement of intent from the island and place Guernsey ahead of its competitors.				
Ensure Sector regulatory fees remain competitive <ul style="list-style-type: none"> The increasing international and competitive nature of offshore insurance means <u>Guernsey should ensure its regulatory fees remain competitive</u>, whilst recognising this must also be aligned with the financial constraints of the regulator. 	Imp't	Long	GFSC	

ⁱ Bermuda Monetary Authority

5.3. Regulation & legislation: oiling the wheels (continued)

 Regulation and legislation	Priority level	Time-frame	Who	Relevant Opportunities
Recommendation Continue pursuit of attaining Qualified Jurisdiction ('QJ') status with the NAIC <ul style="list-style-type: none"> QJ status for Guernsey would have advantages for local reinsurers accessing the US market: administrative efficiencies, lower costs and reduced collateral requirements. This would also represent a significant endorsement of Guernsey's insurance pedigree and <u>local efforts to achieve qualification should continue.</u> 	Imp't	Med	GIIA <i>GFSC</i>	
Simplify regulations for sole parent captive insurers <ul style="list-style-type: none"> Current regulatory burdens for sole parent captives are comparable to those of third party insurers despite the limited consumer risk and a 'triple-layer' of regulation: the cell insurer, the cell company and the insurance manager. Traditional captive growth has levelled out in recent years and <u>an easing of the regulatory environment for such entities would be a positive and pragmatic step in attempting to reverse this trend.</u> The recent introduction of the Manager-Led Product for investment licensees could act as a blueprint for how this might be achieved. 	Pref	Med	GFSC <i>GIIA</i>	
Flex the capital requirements for insurers providing non-monetary policies (e.g. cyber, kidnap & ransom) <ul style="list-style-type: none"> Insurers providing policy cover in the fields of kidnap & ransom and cyber are developing products that may trigger non-monetary benefits. Pay-outs and cover from generic cyber policies have proven themselves inadequate to the individual risks and losses faced by businesses. Instead the services of security experts before and, if needed, after the event to reduce the impact and manage the fallout of cyber security failures has growing potential as an insurance product. The capital risk and demands of such insurers may be different than traditional underwriters. By introducing a new, or adjusting an existing, regulatory category of insurer the island could offer a flexible and attractive business base for this new breed of insurer. 	Pref	Med	GFSC <i>GIIA</i>	

5.4. Promotion: giving greater voice to Guernsey's substance and expertise

Realising the opportunities identified in this report will require on-going **promotion commensurate with the quality and ambition of the island's financial services sectors.**

The (re)launch of Guernsey insurance to the world

Guernsey's insurance sector has a modest international profile.

The island is familiar to UK and European insurance circles as a strong

captive domicile but its reputation in the rest of the world is less known. The island cannot underestimate the lack of awareness prevalent in international circles, particularly North America and the Far East, in respect of Guernsey's legal and compliance regimes, insurance product offerings and financial services expertise.

It is worthy of note that some recent new business has been achieved by individuals using their vision and ambition to inspire clients to bring new

ventures to the island. It goes without saying that their success would have been vastly more difficult were it not for Guernsey's jurisdictional strengths. Whilst Guernsey's best chances of promotional success depend on an industry-level approach, the power of personality as an integral constituent of growth cannot be overlooked.

(The *Resourcing* theme, from page 23, touches further on this point.)



Promotion

Recommendation	Priority level	Time-frame	Who	Relevant Opportunities
Design promotional materials and a distribution strategy to support Guernsey's new 'SPI Rules' <ul style="list-style-type: none"> These Rules represent an important development in the local regulatory approach to special purpose insurance vehicles. They have been designed to address the risk profile and specific nature of activities related to alternative reinsurance. The Rules will define SPIs as a specific class of insurer within Category 6 of the Insurance Business (Solvency) Rules 2015. SPIs will benefit from the possibility of a single consent for the formation of further SPI cells in an established SPI structure, and potential flexibility in the nature of contingent assets that the GFSC will consider acceptable. The improvement they will bring <u>should be widely communicated to the insurance market in tandem with their launch in 2017.</u> 	Highest	Short	Gsy Fin <i>GIIA</i>	
Cost/Benefit				
Commercial promotion will be required (articles, adverts, sponsorship, etc.) and related costs may be substantial. Other activities will incur negligible direct costs whilst being equally effective as the commercial options: word-of-mouth, business presentations, website content, etc. The correct messaging and audience is likely to generate significant interest and new business for the island.				
Continued SoG support of Guernsey Finance and Locate Guernsey <ul style="list-style-type: none"> Locate Gsy and Gsy Fin are pivotal development and promotional agencies for the island and its finance sector. SoG should prioritise the continued support of both and work with them to develop sustainable, long-term funding models. 	Highest	Med	SoG <i>Locate Gsy, Gsy Fin, GIIA</i>	
Cost/Benefit				
Costs are likely to be significant. However long-term, secure budgets will allow these agencies to implement business strategies commensurate with the promotional requirements of the island in an increasingly competitive and global offshore market.				

5.4. Promotion: giving greater voice to Guernsey's substance and expertise (continued)



Promotion

Recommendation	Priority level	Time-frame	Who	Relevant Opportunities
Develop thought leadership for Solvency II non-equivalence <ul style="list-style-type: none"> Bermuda and EU jurisdictions are promoting a clearly defined Solvency II agenda. However Solvency II is unlikely to appeal to all EU, Bermudan or other international insurers; some will conclude that its enhanced capital rules do not suit their operating models. Guernsey's current non-equivalence brings tangible benefits in the form of lower capital and costs bases. <u>Guernsey now needs to articulate a clear message to the world</u>: why Solvency II isn't always required and the types of business that can be successfully run, and the advantages to operating, without it. 	Imp't	Med	Gsy Fin GIIA, SoG	
Further develop Guernsey Finance's online 'shop front' for Guernsey insurance <ul style="list-style-type: none"> <u>Gsy Finance should work with industry to further develop this website as a portal for the world to access and learn about Guernsey insurance.</u> The portal should be linked from prime web addresses (insuranceguernsey.com, ilsguernsey.com, alternativereinsurance.com, etc.) and tools used to boost its rankings in search engines vis-à-vis Guernsey's competitors when generic terms such as 'ILS' or 'captives' are queried. 	Imp't	Med	Gsy Fin GIIA, Locate Gsy	
Intensify marketing campaign targeted at the London and Zurich insurance markets <ul style="list-style-type: none"> <u>An increased campaign should utilise advertising space in strategic locations (e.g. London City Airport, Zürich Hauptbahnhof) and industry websites and publications to articulate Guernsey's key advantages over onshore and other offshore reinsurance locations (price, time zone, proximity, provenance, etc.).</u> 	Pref	Short	Gsy Fin	
Grow the membership of captive owners in GIIA <ul style="list-style-type: none"> Satisfied consumers are often the best advocates of a service. <u>By engaging with captive owners GIIA can enhance their relationship with Guernsey</u> and turn them into ambassadors. Captive owners would also be a source of new revenue for the Association with which Sector promotional activity or dedicated staff could be funded. 	Pref	Long	GIIA	
Target key North American insurance event <ul style="list-style-type: none"> Relevant interviewees indicate that insurance players in the US do not always know enough about Guernsey and the business they could do here. This is also true of American convergence capital investors used to traditional fund routes through the Caribbean. <u>Through a conspicuous, professional presence at a select North American convention (e.g. NAIC Insurance Summit) Guernsey can bring itself to the awareness of delegates</u> and bridge the knowledge gap with a clear proposition of Guernsey's jurisdictional excellence and range of insurance products. 	Pref	Med	Gsy Fin GIIA, Locate Gsy	

5.5. Resourcing: attracting, developing and retaining key talent

As the Sector expands into new products and markets the need to build the right number and mix of skilled, dedicated professionals will increase.

Guernsey needs to **attract, develop and retain key talent** through the consolidation of clear career paths, prestigious qualifications, a continuing culture of high professionalism, and promotion of the personal and professional benefits Guernsey has to offer.

A versatile workforce with the highest skills

Like all Guernsey's financial services the staff quality available to the insurance industry has been a key factor to its success.

A growing industry requires either new professionals to fill vacant positions or outsourcing of routine functions to lower

cost locations to allow local staff to focus on specialist, value-add activities.

The States of Guernsey has committed to the pursuit of modest population growth and from April 2017 will implement a new system of employment and resident 'permits'. Allocation of permits will be driven, in part, by industry needs and skills shortages. New insurance products will demand some immigration of staff with the required skills. Attracting them to the island will need a proactive and welcoming approach that highlights the island's strengths.

By creating an enhanced insurance career 'product' for potential recruits to buy into, combined with Guernsey's appealing lifestyle, the Sector can hope to attract more top talent from home and abroad.



Resourcing

Recommendation	Priority level	Time-frame	Who	Relevant Opportunities
The creation of a skills-in-demand list maintained by GIIA <ul style="list-style-type: none"> Government's new immigration permit system includes provision for prioritisation on the basis of skills shortages and potential economic benefit. <u>GIIA should create and maintain a list of skills in demand on behalf of the Sector</u> and ensure this is shared regularly with the Population Management Office via the newly formed 'Population Employment Advisory Panel'. 	Highest	Short	GIIA	
Cost/Benefit				
Direct costs will be negligible though some time investment from senior industry representatives will be required. A proactive engagement will increase likelihood of successful permit applications for the Sector.				
Increased provision of on-island insurance qualifications <ul style="list-style-type: none"> The expansion of the range of on-island insurance qualifications would be a powerful tool in raising the profile of the Sector but would need careful coordination with local insurance employers. A commitment on their part to offer forms of training contracts to new (and existing staff) in a manner similar to other financial service industries would complete the positive feedback loop. <u>GIIA and Skills Gsy should work together to establish the basis for an enhanced training and qualification programme.</u> 	Imp't	Long	Skills Gsy <i>IIG, GIIA, GTA</i>	
Incentives for life long learning programmes <ul style="list-style-type: none"> A skilled, well remunerated workforce is vital to ensure the Sector's future and maximise and grow contributions from the island's working population. <u>SoG should explore tax or other incentives to encourage local growth and participation in training programmes at all ages and experience levels.</u> 	Imp't	Long	SoG	

5.5. Resourcing: attracting, developing and retaining key talent (continued)



Resourcing

Recommendation	Priority level	Time-frame	Who	Relevant Opportunities
Increased exposure of locateguernsey.com <ul style="list-style-type: none"> Locate Guernsey's website offers a clear proposition and ease of access to information on the main aspects of island life. The site would benefit from continuing steps to increase its online exposure, including linking from prime domain names (movetoguernsey.com, guernsey.com, etc.) and tools to boost its rankings in search engines. 	Imp't	Short	Locate Gsy <i>SoG, GIBA</i>	
Insurance graduate bursaries <ul style="list-style-type: none"> A bursary scheme should be created. Sponsorship for bursaries could come from GIIA or direct from local businesses, but the scheme should be run as a single, industry-wide offering. The scheme would offer the chance for the Sector to engage with school leavers, create interest in the profession and generate positive recurring media coverage. 	Pref	Med	GIIA	
Grassroots financial services education <ul style="list-style-type: none"> PwC understands that work to introduce financial elements into the local secondary education syllabus is in progress. <u>SoG should work with the respective industry bodies to ensure this includes relevant, up-to-date content that covers the fundamentals of the banking, insurance, investment and fiduciary markets.</u> Improved understanding and appreciation of the island's primary economic sector can only be a positive step to help recruitment of local school and university leavers. 	Pref	Med	SoG <i>GIIA, GIFA, AGB, GAT, Skills Gsy</i>	
On-island Chinese language and business culture skills <ul style="list-style-type: none"> A dedicated, commercially positioned resource for Guernsey could have multiple applications for the island's insurance industry and other finance sector businesses working with China. <u>The feasibility and benefits to industry of an expanded State-championed service should be formally investigated</u> (with the assessed level of industry demand being a key factor). 	Pref	Med	Skills Gsy <i>SoG, GIBA</i>	

6

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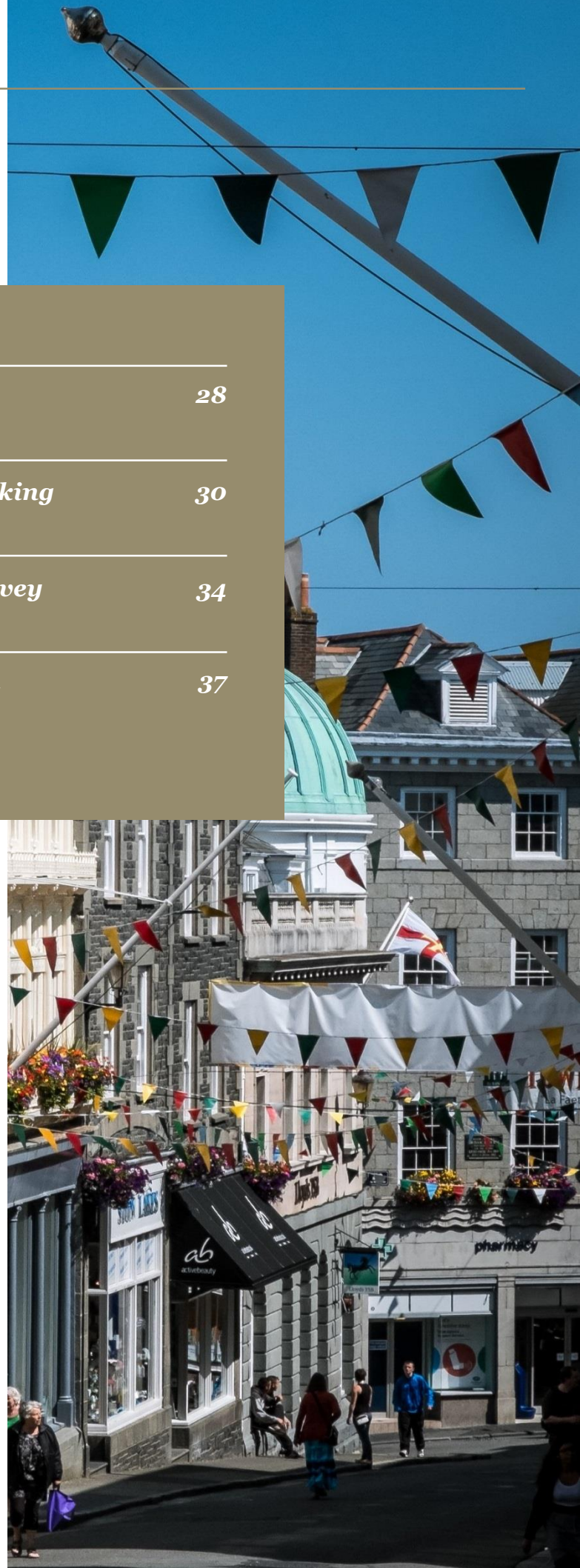
- Guernsey International Insurance Association
- Guernsey Financial Services Commission
- Insurance Institute of Guernsey
- Locate Guernsey
- Guernsey Finance
- Channel Islands Securities Exchange
- Guernsey International Business Association

And members of the States of Guernsey teams:

- Finance Sector Development
- Data and Analysis
- Strategy and Policy
- Income Tax Office
- Housing Control

Appendices

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Appendix 1: Strengths

Breadth, depth and diversity of financial services

- The island differentiates itself against its offshore competitors through the comprehensive suite of financial services on offer in a single location. All four major pillars – insurance, investment, fiduciary and banking – have significant presence and increasingly the island is also attracting established and start-up technology companies.
- This creates a compelling product for clients seeking a convenient location for their financial needs, and diversifies the island's economic drivers across a wide spectrum of financial services.

Regulatory environment

- Guernsey's regulatory environment is recognised as excellent by local industry and the international community. The GFSC's insurance division is acknowledged as approachable, knowledgeable, pragmatic and open to new ideas.
- The GFSC actively engages with the international community. It has recently opened a representative office in Hong Kong and is currently in negotiations with CIRC to sign a regulatory MoU. The GFSC is also a member of GIICS and has executive committee representation in IAIS.

Trust and credibility

- Guernsey's insurance sector has strong expertise, infrastructure and international standing. This contributes to the island's position as a leading international financial services centre with the highest standards.
- Insurance business can be transacted with confidence in Guernsey as the island has been scrutinised and endorsed by the International Monetary Fund, Financial Action Task Force and Moneyval.

Innovation and agility

- Legislative and fiscal independence allows the island to respond quickly to the needs of business, for example the proposed SPI Rules designed for alternative reinsurance.

Insurance management expertise

- Captives and insurance administration remains the bedrock of the local industry, together contributing 61% of the Sector's total GDP in 2015 (see Appendix A2.1, Fig. A2.1a).
- Guernsey is the largest captive domicile in Europe.
- The island has won multiple international insurance awards recognising the expertise of the Sector, most recently at the 2016 Captive Services Awards where the island won European Domicile of the Year.

Data sovereignty

- Guernsey legislates for all of its internal affairs, including data protection. For instance external requests for data access under Guernsey's interception of communications legislation require a warrant issued by HM Procureur. This is more independent than the UK ministerial based approval process.
- The island is engaging with the EU to ensure GDPR requirements are met.

International e-connectivity and cyber protection

- The results of Analysis Mason's recent *Guernsey Connectivity Review* found that the island is well connected and has high levels of capacity.
- Guernsey's telecom companies provide data filtering services that can recognise when a cyber-attack is happening, identify and then block the flow of malicious traffic while letting legitimate data through.

Appendix 1: Strengths (continued)

Cost of business

- Compared to London and offshore competitors such as Bermuda, Guernsey offers competitive business costs. Office rent in St. Peter Port is £2.5-£3 ft² which compares favourably to £6 in the City of London and £2.70 in Hamiltonⁱ.
- Guernsey's solvency and capital requirements are of the highest standard but remain less complex compared to other international regimes. This makes the island a cost-effective location for (re)insurers.

Quality of life

- Guernsey enjoys high standards of living together with a strong sense of community.
- The island has a temperate climate free from the extremes of weather such as hurricanes, and natural disasters such as earthquakes and tsunamis.

Outside of the EU

- Guernsey is a self-governing democracy, with legislative and fiscal independence from the UK and EU.
- Being outside of the EU means the island is able to offer international (re)insurers an alternative European base of operations free from the complex capital requirements of onshore regulation whilst still benefitting from Guernsey's own world-class insurance regime.

Convenient time zone

- Guernsey operates in the same time zone as London and -1 hour from that of Zurich. This makes Guernsey a convenient place to carry out business from the onshore insurance centres of Europe.

Political and social stability

- Guernsey is politically and economically stable, with an AA- sovereign credit rating from Standard & Poor's. External debt levels are low and legally capped at 15% of GDP.
- Unemployment at the end of Q1 2016 was just 2.2%ⁱⁱ. Crime rates are some of the lowest globally.

Consumer protection

- Gold standard consumer protection for life product customers is written into law and goes beyond those of Bermuda and Isle of Man.
- CIFO further strengthens the defence of public interest in local financial services.
- The GFSC are also currently consulting on a new 'Lending, Credit & Finance Project' that will drive new regulations controlling consumer credit, lending innovation and FinTech.

Company structures

- The island benefits from the use of three primary company types: stand alone, protected cell and incorporated cell. Incorporated partnerships are also available.
- The enhanced legal separation between cells in ICCs has proven popular with insurance businesses seeking secure but flexible transformer vehicles.

Transparent tax neutrality

- In keeping with Zero-10, licensed insurers writing non-domestic business are taxed at the 0% rate on company profits and those writing domestic business or undertaking intermediary or insurance management services are taxed at 10%.
- The absence of capital gains tax and VAT is a strong incentive to create new business in Guernsey.

i. Swoffers, Colliers, Sotherby's
ii. States of Guernsey

Appendix 2: Statistics and benchmarking

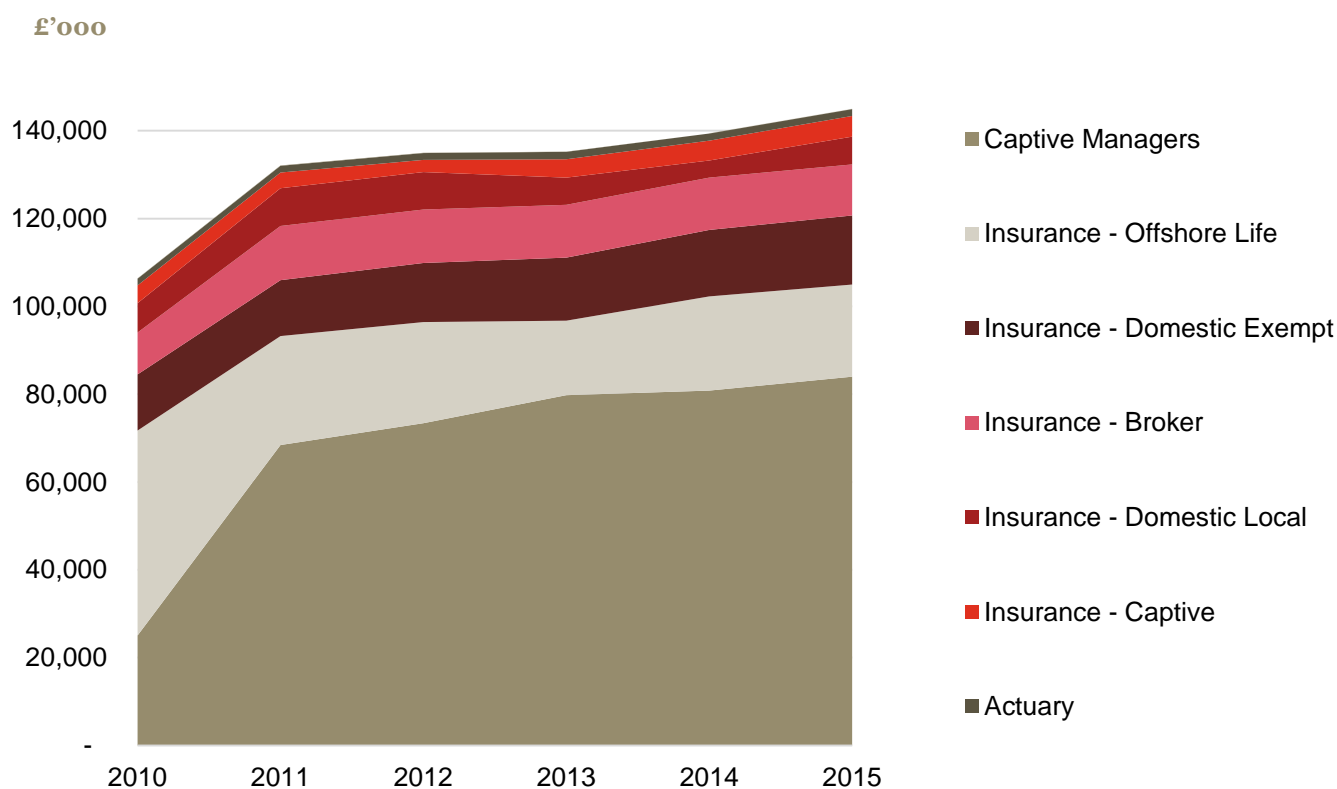
A2.1. Local tax contributions, GDP, earnings and employment data

The following data was sourced on request from SoG or from SoG publications.

Fig A2.1a – Guernsey gross domestic product¹ 2010 – 2015 (nominal)

	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
	2010	2011	2012	2013*	2014*	2015*
Total Guernsey ('Gsy')	2,114,000	2,209,000	2,303,000	2,332,000	2,353,000	2,354,636
Total Financial Services ('FS')	757,990	759,358	787,644	782,490	785,297	734,200
<i>FS/Gsy</i>	35.9%	34.4%	34.2%	33.6%	33.4%	31.2%
Total Insurance ('Ins')	106,363	131,079	134,976	138,190	141,944	144,911
<i>Ins/Gsy</i>	5.0%	5.9%	5.9%	5.9%	6.0%	6.2%
<i>Ins/FS</i>	14.0%	17.3%	17.1%	17.7%	18.1%	19.7%

Breakdown of **Total Insurance**² GDP:



*Estimated

¹Sum of all wages, profits and other local income from capital (does not include Alderney)

²All analysis based upon self-categorisation of company activity through Guernsey Registry Annual Returns

A2.1. Local tax contributions, GDP, earnings and employment data (cont'd)

Fig A2.1b – Guernsey employment figures 2010 – 2015 (employed and self-employed at Q4)

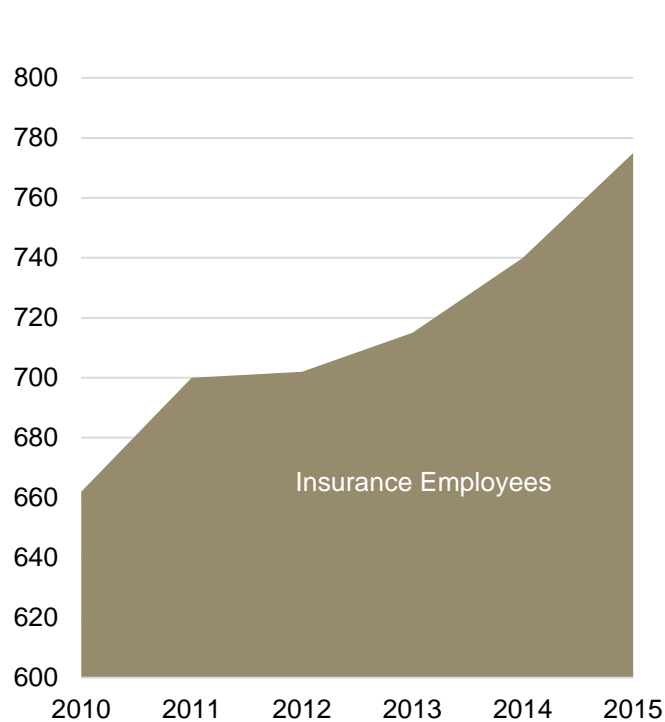


Fig A2.1c – Guernsey GDP per employee 2010 – 2015 (nominal)

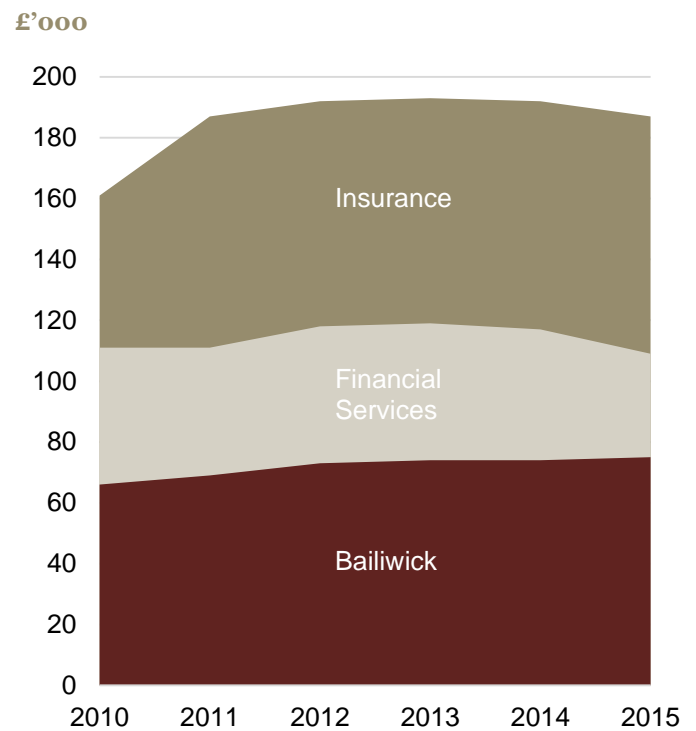


Fig A2.1d – Guernsey earnings figures 2012 - 2015 (quarterly median nominals)

	£s	£s	£s	£s
	2012	2013	2014	2015
Total Guernsey	29,250	29,640	30,160	30,550
Total Insurance	N/A	N/A	N/A	37,400
<i>Ins/Gsy</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>122.4%</i>

Fig A2.1e - Guernsey Social Security 2015

	£'000s
	2015
Total Guernsey¹	157,203
Total Insurance	4,362
<i>Ins/Gsy</i>	<i>2.8%</i>
Analysis of Insurance:	
Self-employed contributions	152
Employee contributions	2,013
Employer contributions ²	2,197

¹Audited contributions of the Social Security Department

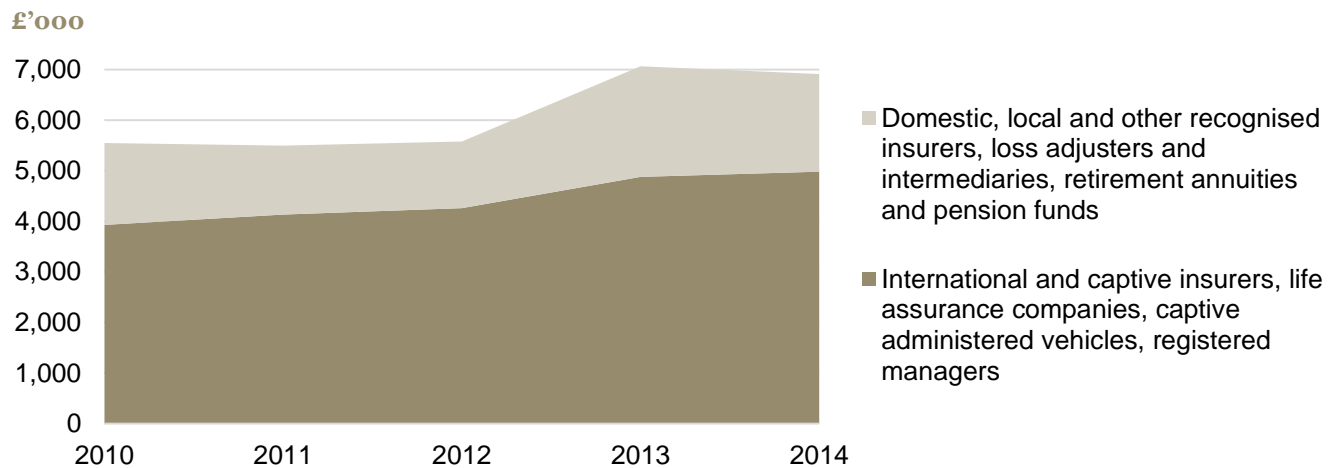
² Figure unavailable from SoG; derived by PwC using 3 year average ratio of Guernsey employer vs employee contributions

A2.1. Local tax contributions, GDP, earnings and employment data (cont'd)

Fig A2.1f - Guernsey company, employee & shareholder tax contributions 2010 - 2014¹

	£'000s	£'000s	£'000s	£'000s	£'000s
	2010	2011	2012	2013	2014*
Total Guernsey²	257,663	270,046	280,904	281,597	298,092
Total Financial Services	78,441	78,825	83,540	82,596	85,042
<i>FS/Gsy</i>	30.4%	29.2%	29.7%	29.3%	28.5%
Total Insurance³	5,549	5,498	5,579	7,066	6,913
<i>Ins/FS</i>	7.1%	7.0%	6.7%	8.6%	8.1%

Breakdown of **Total Insurance** contributions:



*Unfinalised

¹ Does not include self-employed contributions

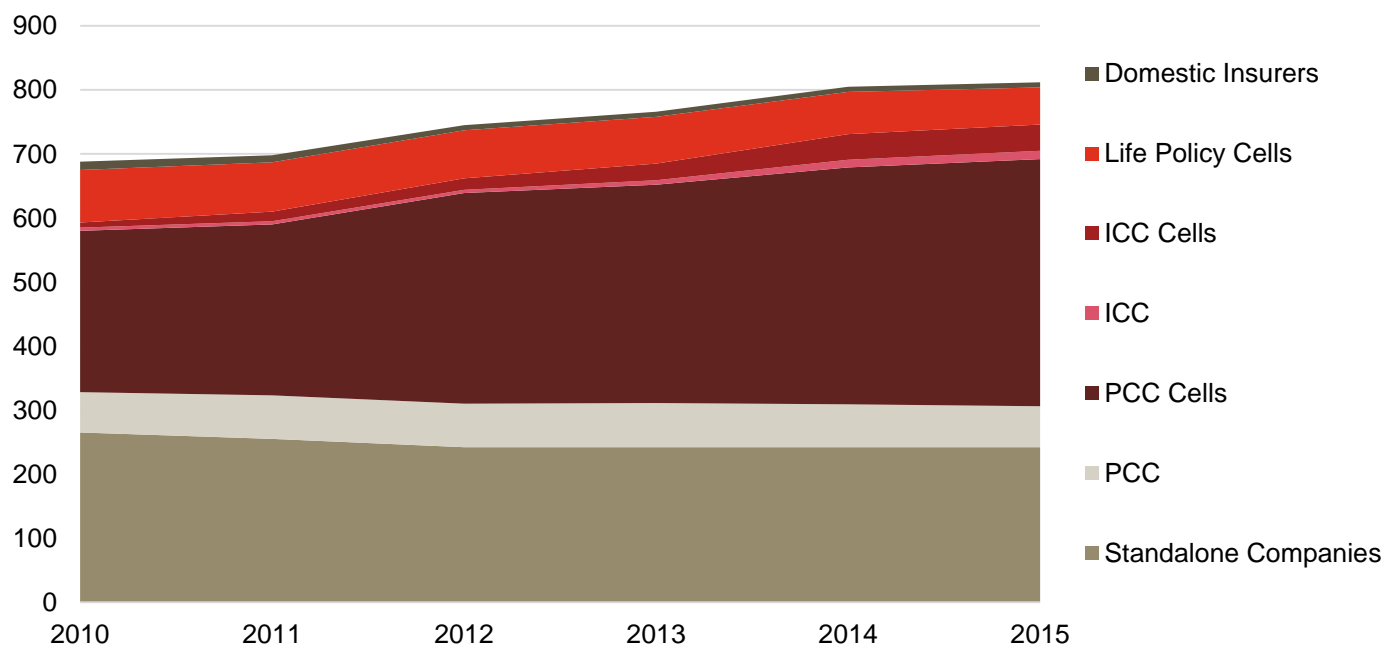
² Audited income taxes of the States of Guernsey

³ Activities relating to writing domestic business or undertaking intermediary or insurance management services were taxed at 10% from 2013.

A2.2. Local insurance statistics

The following data was sourced on request from GFSC or direct from GFSC publications.

Fig A2.2a – Guernsey insurance companies licensed by GFSC – by entity type



A2.3. Jurisdictional benchmarking

Fig A2.3a – General insurance statistics and data – competitor benchmark analysis*

	Guernsey	Isle of Man	Gibraltar	Cayman Islands	Bermuda	Singapore
Insurance Sector Statistics						
Total GDP 2015 (£'000)	2,354,636	4,514,166	N/A	2,300,820	4,450,481	221,783,400
Total GDP 2014 (£'000)	2,353,000	4,320,745	1,637,750	2,256,037	4,242,988	215,218,170
Total insurance sector GDP 2015 (£'000)	144,911	642,476	N/A	N/A	1,078,875 ¹	4,247,596
Total insurance sector GDP 2014 (£'000)	141,944	602,404	N/A	N/A	N/A	4,062,243
Total employed in insurance sector 2015	775	1,700	247	N/A	3,810 ¹	N/A
Licenses insurance statistics						
Assets under management (£'millions)	23,660 (2014)	65,060 (2015)	9,000 (2012)	43,546 (H1 2016)	437,962 (2014)	106,311 (2015)
Premiums (£'millions)	4,940 (2014)	7,930 (2015)	3,800 (2012)	10,211 (H1 2016)	114,008 (2014)	21,099 (2015)
Total regulated insurers	812 (2015)	137 (2015)	61 (Q1 2016)	740 (Q3 2016)	1,261 (2015)	181 (Q3 2016)
Of which captives	347 (2016)	88 (2015)	11 (Q1 2016)	711 (Q3 2016)	742 (2015)	71 (Q3 2016)
Total regulated managers	19 (2015)	22 (2015)	8 (Q1 2016)	32 (Q3 2016)	N/A	5 (Q3 2016)
Total regulated intermediaries	34 (2015)	29 (2015)	40 (Q1 2016)	41 (Q3 2016)	N/A	112 (Q3 2016)
General Statistics						
Population	63,001 (2015)	84,497 (2011)	33,140 (2014)	60,413 (2015)	65,187 (2014)	5,535,000 (2015)
Global Financial Centres Index ² (as at March 2016) (Rank/Score)	66/613	68/610	61/618	41/641	50/629	3/755
OECD "Phase 2" Global Forum transparency rating	Largely Compliant	Compliant	Largely Compliant	Largely Compliant	Largely Compliant	Largely Compliant
Regulatory environment	Outside EEA, no SII equivalence.	Outside EEA, no SII equivalence.	Currently part of EU and EEA and thus SII.	Outside EEA, no SII equivalence.	Outside EEA. SII equivalence but dual regime means captives/SPIs excluded.	Outside EU and EEA, no current SII equivalence but are pursuing it.
Cellular legislation	Yes	Yes	Yes	Yes	Yes	Proposed
Corporate tax rate for international business	0%	0%	10%	0%	Payroll tax at 14.5%	17%

*Where possible statistical data based upon latest available jurisdictional government and regulator publications. Other sources as referenced. All figures converted to GBP as at September 2016.

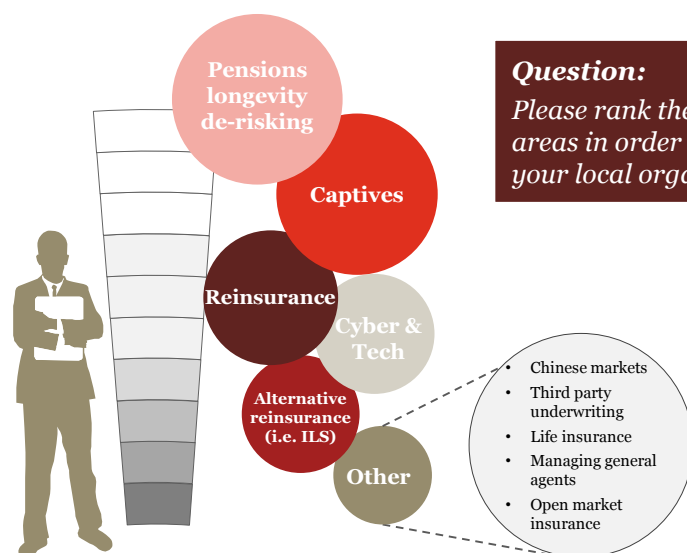
¹ Sum of totals for '092 - Insurance and Pension Funding' and relevant sub-classifications within '151 - Financial and Insurance Activities' per Bermudan government GDP figures. Employment figure derived by PwC based upon analysis of published employee statistics for the same economic classifications.

² Long Finance

Appendix 3: Insurance managers survey

As part of our research PwC conducted a formal survey of local licensed insurance managers. A total of nine businesses with significant local activities were invited to participate. PwC wishes to express our thanks for their cooperation.

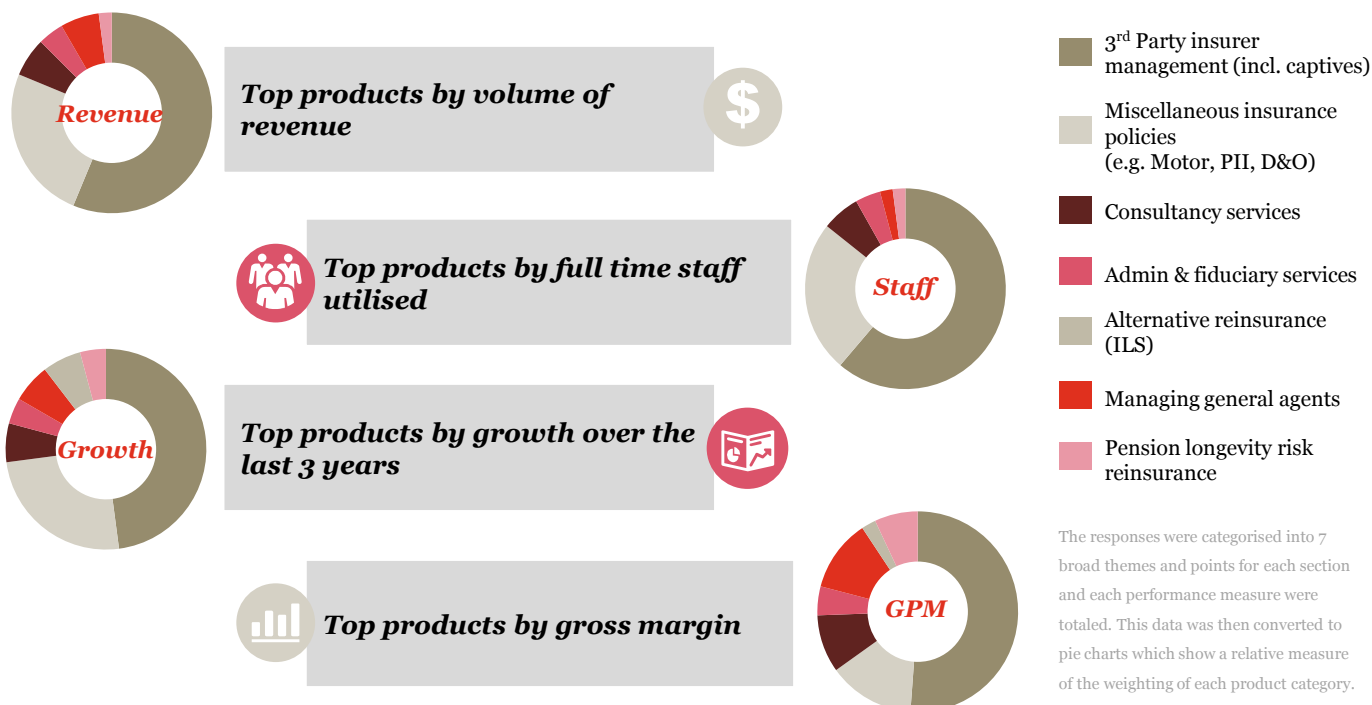
The survey results have been referenced within the body of our report where applicable.



The responses were weighted in proportion to position, i.e. a rating of 1 was weighted as 7 points, 2 as 6 points etc. The cumulative points for each growth area were totaled and 'circles' created the size of which were scaled to the amount of points.

Question:

What are your local organisation's top three product lines by full-time equivalent staff (FTEs) utilised, volume of revenue, gross profit margin and growth in revenue over last three years?



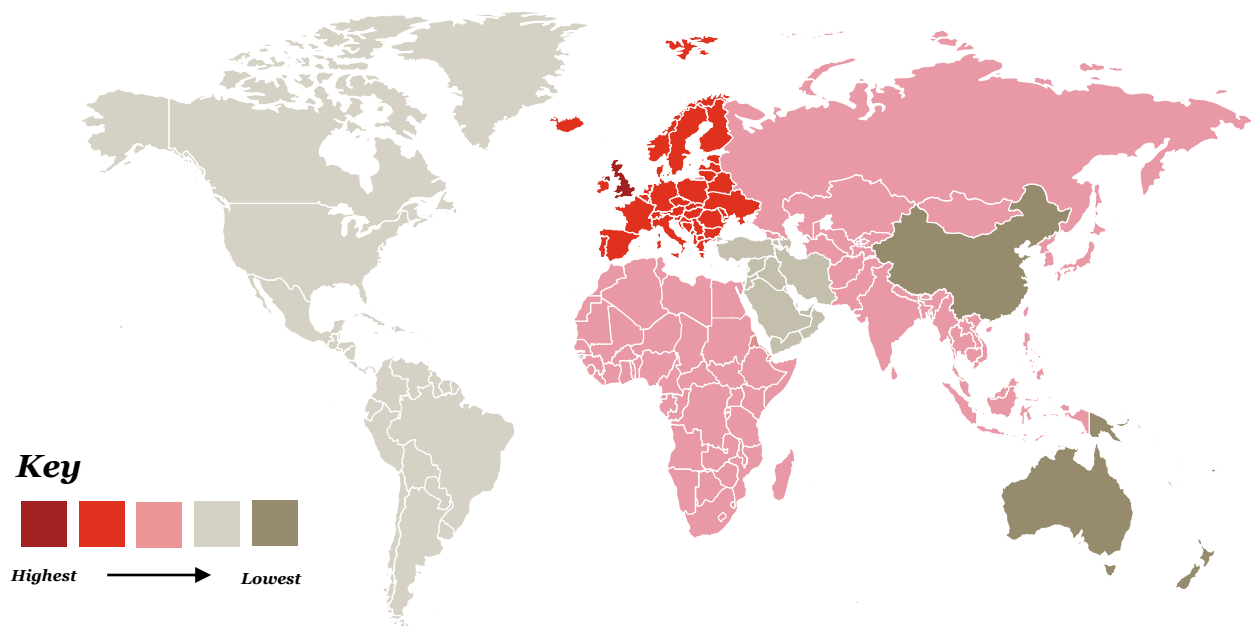
A3. Insurance managers survey (continued)

Question:
What does your organisation see as the top three strengths of Guernsey and its insurance sector?



Each response was weighted based on position (i.e. top strength was given 3 points, 2nd 2 points, 3rd 1 point). Responses were categorised into four broad themes and the points for each section were totaled and averaged to give a weighting of highest to lowest perceived strength.

Question:
With reference to your organisation's local operations only, for the latest period this information is available, which are the top three geographic regions driving your revenue figures?



Each response was weighted based on position (i.e. top region was given 3 points, 2nd 2 points, 3rd 1). Each region was then totaled for points and the map shaded based on highest to lowest ranked region.

A.3. Insurance managers survey (continued)

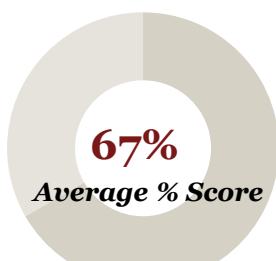
Q: How many full-time equivalent staff (FTEs) worked for your local organisation as at 30/06/2016?



Two respondents detailed staff numbers above 70 employees



Q: Does your local organisation have any current plans to pursue outsourcing to other jurisdictions of tasks currently completed on-island?



Bookkeeping and accounting are the functions most commonly considered for outsourcing



Question:

What do you/your local organisation see as the vision for the local insurance sector in ten years?



Growth in commercial reinsurers, ILS and pension de-risking



To rival Bermuda as the leading offshore reinsurance centre



Increased collaboration with other local financial services sectors to ensure all capital is aware of the opportunities in (re)insurance



Greater rated reinsurer presence



Leading domicile for Asian captives



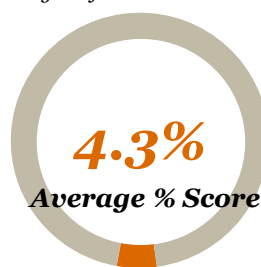
A stable captive insurance market

Q: What level of impact does your local organisation predict current Fintech ('Insuretech') developments will have on your business?

Scaled out of 1 to 5, with 1 representing lowest impact



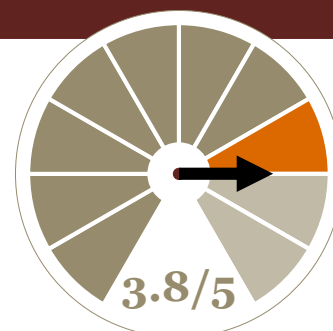
No organisation detailed a marketing % of total costs above 10%



Q: Over the last three years, what has been your local organisation's average marketing spend as a % of total costs?

Question:

On a scale of 1 - 5, with 1 being the least and 5 being the most, how optimistic is your organisation about the future of the wider insurance sector in Guernsey?



Appendix 4: Supplemental information

A4.1. Solvency II explained

The Solvency II Directive is an EU legal act that codifies EU insurance regulation. It has been effective since 1 January this year. Solvency II rules will replace existing national requirements and establish harmonised requirements across the EU, promoting competitive equality and uniform levels of consumer protection.

The Directive is primarily concerned with the amount and quality of capital that EU insurance and re-insurance companies must hold to reduce their risk of insolvency.

The capital requirements are underpinned by a complex set of calculations and thresholds with which all EU insurers must comply. Insurers must quantify and apply counterparty 'default factors' to their capital calculations to reflect the risk that any reinsurer to which they have ceded their own insurance risks might prove insolvent. These default factors are reduced when the reinsurer is itself subject to Solvency II; they increase when the reinsurer is based in a non-EU and non-equivalent jurisdiction.

However the Directive recognises that credit risk for non-EU, non-equivalent reinsurers is reduced to a level comparable with that under Solvency II in two instances:

- Where the reinsurer is appropriately rated. For example, a reinsurer with a Standard & Poor's "AA" rating, or if the deal is secured by a guarantee from a rated third party.
- Where the reinsurance arrangement is fully collateralised.

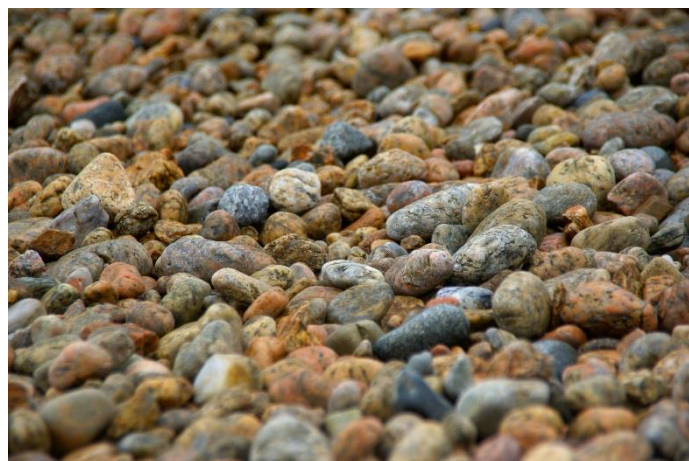
Equivalence

Several non-EU jurisdictions ("third countries") have elected to seek 'equivalent' status through implementing their own comparable 'Solvency II' regimes. The Directive includes provisions for this through assessments of the solvency regimes and systems of group supervision of third countries. If the jurisdiction is deemed equivalent, then in effect the third country is treated more as if it were an EU member state for purposes of the complex capital calculations Solvency II imposes on insurance companies.

To date Switzerland and Bermuda have attained full equivalence, with Australia, Japan, Brazil, Canada, Mexico and the USA granted temporary status. Notably Bermuda has achieved a 'bifurcated equivalency' with two differing insurance regulations now in force there: a Solvency II equivalent regime for commercial (re)insurers to ensure their continued interrelationship with European insurance markets remains secure; and a non-equivalent regime for the island's captive and special purpose insurers (e.g. those involved in alternative reinsurance), the end users of which do not require the protection (or wish for the expense) of Solvency II compliance.

Guernsey does not currently have equivalent status. This decision was taken by the island in 2011 for strategic reasons.

Instead Guernsey developed its own insurance regulatory framework designed to meet internationally accepted regulatory standards as set by the IAIS.



A4.2. Alternative reinsurance explained

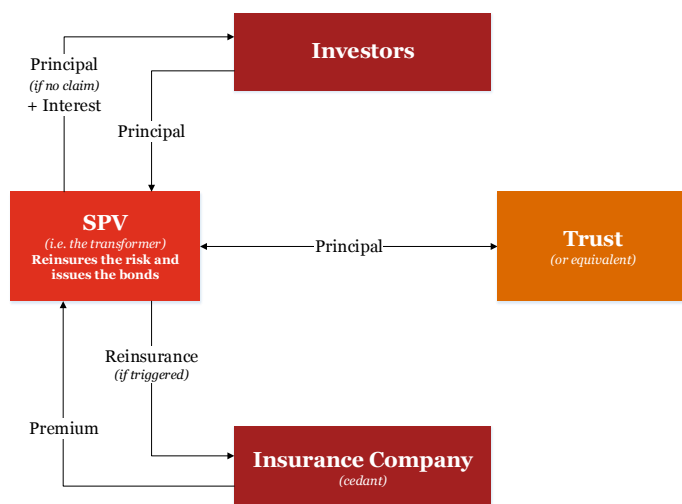
The traditional insurance market has always been underpinned by a well-defined group of international reinsurance giants capitalised by both private and public equity.

But since the early 1990s new participants bringing ‘alternative capital’ have entered what was hitherto a closed system. Hurricane Andrew (1992) is seen as the original catalyst where the huge losses suffered prompted a demand for extra capacity that the reinsurers struggled to satisfy. This trend was accelerated after the 2008 financial crisis as investors sought new risks and asset classes free from the contagion that had swept capital markets. The earliest and still the most prominent risk embraced by this alternative capital was natural catastrophe: the proposition being that a financial crisis might cause people to buy less wine, stamps or art (i.e. traditional alternative asset classes) but it won’t cause a hurricane or earthquake.

The term ‘convergence capital’ was coined, recognising that the line between investment and insurance activity in this new field was not clear-cut. Innovators in the industry quickly engineered structures to allow this convergence capital access to insurers seeking to cede their risks and unable to satisfactorily do so through traditional channels. Insurance-linked securities became the method of choice, pioneered by US and Cayman Island hedge fund managers used to dealing in exotic instruments and alternative asset classes.

ILS are a range of financial instruments the performance of which is linked to the severity of occurrence (or lack of occurrence) of a defined insurable catastrophic event. ‘Cat bonds’ are the best known and most popular type of ILS.

Fig A4.2a - Typical ILS structure



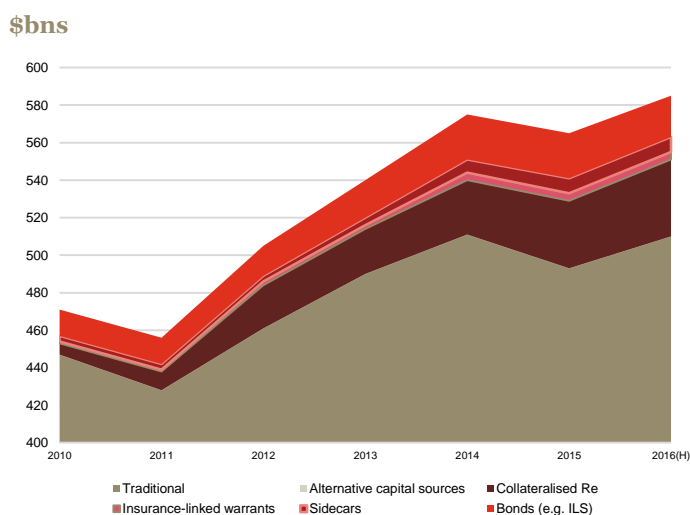
Cat bonds are not designed to pay out on the occurrence of a catastrophe, but on the level of loss incurred on the occurrence. Each bond will have defined thresholds of quantified losses that must be reached before the transformer

vehicle must make good on the reinsured amount. As such cat bonds can result in a complete loss of capital for the investor as the bond principal is used to meet this payment.

With too much capital chasing a limited amount of ILS issues, many investors have found it difficult to find the insurance risk exposure they seek. This has driven a rise in private deals between those looking to reinsure their cover via more flexible (and cheaper) means than ILS and investors (via ILS funds) seeking specific risk exposure.

Guernsey has hosted many such private placement deals, typically as the location of the ‘transformer’ vehicle. This is due to the cellular structures and local insurance management expertise proving attractive to the counterparties.

Fig A4.2b – Global reinsurer capital



Source: Aon Benfield Analytics and Aon Securities

Figure A4.2b shows the rapid growth of alternative capital supply in recent years with predictions that this will reach \$160 billion by 2020ⁱ. Global insurance statistics support this in as much as they highlight the lack of catastrophe cover. In Italy, victim to August’s devastating earthquake, less than 1% of 33 million homes have private quake coverage, despite two thirds of Italian urban areas being in earthquake zonesⁱⁱ. Japanese earthquake and tsunami economic losses in 2011 were estimated at \$210 billion versus insured losses to date of just \$35 billionⁱⁱⁱ.

In developing and third world nations the imbalance is worse with 80-100% of the losses being uninsured^{iv}. In human terms this means families lack the money to rebuild homes and businesses. So alternative reinsurance comes with ethical positives too: it benefits the insured, driving speedier cash injection to facilitate immediate post-disaster response, incentivising risk management improvements through pricing mechanisms, and ultimately bringing affordable catastrophe cover to more households.

ⁱ Business Insurance, ILS, collateralized reinsurance market to hit \$160 billion by 2020

ⁱⁱ Reuters

ⁱⁱⁱ Willis Towers Watson

^{iv} Swiss Re

A4.3. InsurTech

Insurance FinTech activity ('InsurTech') and investment has spiked rapidly upwards over the past year. In 2015 global InsurTech investment was estimated to be \$2.6bn compared to over \$35bn for the overall FinTech sectorⁱ.

PwC's 2015 FinTech report for Guernsey **identified data and analytics as the most significant area relevant to the local insurance sector**. Data and analytics enables a number of opportunities for innovation or to enhance existing insurance activities, such as:

- Use of telemetry data from sensors and connected devices which change the way in which risks are underwritten or the manner that losses are predicted and responded to - for example, health and car driver data; and
- Greater use of analytics to assess claims and relevant events to improve underwriting decisions and claims handling.

The Sector could make use of technology to improve back and middle office processing, making them more efficient and effective.

It was also identified that, although not specific to InsurTech, the insurance industry utilises extensive asset management and payment services, therefore the wider FinTech opportunities are also relevant.

PwC has identified a wide range of emerging technology trends which the insurance industry considers will be most important over the next five years. We expect many of these trends to directly or indirectly impact the Guernsey insurance industry, however the key local InsurTech opportunities include:

Leveraging data

- InsurTech is enabling traditional insurers to leverage existing data to generate deeper risk insights. Embracing InsurTech helps insurers gather more insightful and higher quality data – a game changer, since insurance is a business relying on data risk insights.
- Guernsey insurers need to continue to invest and use data analytics to ensure they remain relevant and competitive as the insurance market evolves.

- Whilst such activity has historically required extensive resources, technology is enabling businesses to operate more effectively and therefore Guernsey should continue to target such organisations.

Regulation - Data privacy and protection

- Guernsey plans to update its data protection legislation and regulatory regime to meet the requirements of the new EU General Data Protection Regulation effective from May 2018.
- There may be an opportunity to present this new regulation in a manner which makes Guernsey attractive to organisations developing InsurTech solutions and looking to manage personal data on island, for example health data.

Platforms

- Guernsey has a number of insurers that provide health and other insurance cover, through investment and pension products. Web platforms and apps provide customers with a tailored experience and ability to manage their wealth.

“

“The vision is to establish the Island as a ‘Trusted Location’ for data. This is relevant to all areas of financial services, but significantly to the Insurance sector.”

A Strategic vision for FinTech (PwC)

”

ⁱ InsurTech, A Force for Good 2016 report, Startupbootcamp and PwC

Glossary

Term	Abbreviation	Definition
Alternative reinsurance		The term applied to reinsurance that is arranged through convergence capital investment. This includes ILS and collateralised reinsurance. See 'Alternative Reinsurance Explained' section above.
Anti-money laundering	<i>AML</i>	A term used to describe the legal and regulatory controls that require financial institutions and other regulated entities to prevent, detect, and report money laundering activities.
Association of Guernsey Banks	<i>AGB</i>	Guernsey's trade association for banks.
Base Erosion and Profit Shifting	<i>BEPS</i>	BEPS refers to tax strategies that make use of gaps and mismatches in international and domestic tax rules to migrate profits to lower tax locations. The OECD is orchestrating the combined response to BEPS of over 100 countries and jurisdictions.
Big Data		A broad term given to the large amount of data that is being generated by modern businesses and applications. These data sets are often so large or complex that traditional data processing applications are inadequate.
Catastrophe bonds	<i>Cat bonds</i>	See 'Insurance-linked securities'.
Channel Islands Financial Ombudsman	<i>CIFO</i>	The primary role of CIFO is to resolve complaints about financial services provided in/or from the Channel Islands.
Channel Islands Securities Exchange	<i>CISE</i>	The CISE is a Guernsey-based, regulated marketplace for the listing of securities. The exchange currently has 2,000+ securities and a total market capitalisation of £300 billion.
Chartered Insurance Institute	<i>CII</i>	The CII is a UK-based professional organisation for those working in the insurance and financial services industries. The institute provides accreditation and professional qualifications to UK and international members, including those in Guernsey.
China Insurance Regulatory Commission	<i>CIRC</i>	CIRC is an agency of China authorised by the State Council to regulate the Chinese insurance products and services market and maintain stable operations in respect of the insurance industry.
Collateralised Reinsurance		Like ILS, collateralised reinsurance is a method of transforming capital market investment into reinsurance, particularly for natural catastrophe risks. Unlike ILS, collateralised reinsurance deals are private arrangements between counterparties seeking specific risk transfer (on the part of the reinsured) and specific risk exposures (on the part of the investor seeking to reinsure).
Committee for Economic Development	<i>CfED</i>	From 1 May 2016 the CfED was constituted as a principal committee of the States of Guernsey. The Committee has responsibility for much of the functions of the former Commerce and Employment Department, including financial services.
Convergence capital		The term applied to new sources of capital findings its way into the insurance market. Traditional forms of capital from large, global reinsurers (Munich Re, Swiss Re, etc) which underpin the world's insurance market are being supplemented by investment from international capital markets.
Countering Financing of Terrorism	<i>CFT</i>	A term used to describe the legal and regulatory controls that require financial institutions and other regulated entities to prevent, detect, and report terrorist financing activities.
Cyber risk	<i>Cyber</i>	According to the UK's Institute of Risk Management Cyber risk means any risk of financial loss, disruption or damage to the reputation of an organisation from some sort of failure of its information technology systems. This includes hacker attacks, data breaches and network interruptions.

Glossary (continued)

Term	Abbreviation	Definition
Data Centre		A facility used to house computer systems and associated components, such as communications and storage systems. The data centre may be managed by a third party service provider and provided to multiple customers.
Defined Benefit Pension Schemes	<i>DBPS</i>	A pension scheme in which a sponsor commits to a specified monthly benefit on retirement that is predetermined by the scheme member's earnings history, tenure of service and age, rather than investment returns.
Diverted Profits Tax	<i>DPT</i>	DPT is a new UK tax on perceived diverted profits. The tax operates through two basic rules: 1) The first rule counteracts arrangements by which foreign companies exploit the permanent establishment rules. 2) The second rule prevents companies from creating tax advantages by using transactions or entities that lack economic substance.
Financial Action Task Force	<i>FATF</i>	An intergovernmental organisation founded in 1989 on the initiative of the G7 to develop global policies to combat money laundering and terrorist financing
Financial Services Businesses	<i>FSB</i>	Businesses involved in banking, investment, fiduciary and insurance activities and other related services.
Finance Sector Development	<i>FSD</i>	FSD is part of CfED. The team principally provides advice to the relevant political bodies on issues including finance sector development, regulation and promotion.
Financial Technology	<i>FinTech</i>	A general term used for any technology applied to financial services. Related to insurance this term can be 'InsurTech'.
General insurance business		In Guernsey law means insurance business other than long-term insurance business.
General Data Protection Regulation	<i>GDPR</i>	An EU directive to strengthen and unify data protection for individuals within the EU. Effective from 25 May 2018.
Group of International Insurance Centre Supervisors	<i>GIICS</i>	A forum where insurance supervisors of offshore insurance business may discuss areas of mutual interest and concern and formulate appropriate policies.
Guernsey Finance	<i>Gsy Fin</i>	The promotional agency for Guernsey's finance industry internationally. It is a joint industry and government initiative responsible for the promotion of Guernsey.
Guernsey Financial Services Commission	<i>GFSC</i>	Guernsey Financial Services Commission. The islands' financial services regulator.
Guernsey Association of Trustees	<i>GAT</i>	The Guernsey Association of Trustees is the industry representative body for Fiduciary licence holders in Guernsey.
Guernsey International Business Association	<i>GIBA</i>	GIBA has a membership consisting of all the major financial institutions and professional firms in Guernsey and is the representative body of the financial services industry in Guernsey.
Guernsey International Insurance Association	<i>GIIA</i>	GIIA is the representative body for insurers and insurance managers who work in insurance and risk management in Guernsey. Formerly the Guernsey Insurance Company Management Association (GICMA).
ILS Fund		An investment fund managed by a specialist ILS investment manager. ILS funds offer a portfolio catastrophe-linked investments to investors seeking an asset class uncorrelated to traditional market forces.
Income Tax Office	<i>ITO</i>	States office for personal and corporate tax collections.
Insurance Institute of Guernsey	<i>IIG</i>	The IIG's provides local support to those studying for their exams and those who need to meet their Continuing Professional Development (CPD) requirements.

Glossary (continued)

Term	Abbreviation	Definition
Insurance Premium Tax	<i>IPT</i>	In the UK, IPT is a type of indirect tax levied on general insurance premiums. This include payments made to captive insurers. From 1 October 2016 the standard rate is 10%.
Insurance transformer	<i>Transformer</i>	An insurance transformer acts as an intermediary between a capital market investor and an insurance company seeking reinsurance.
Insurance-linked securities	<i>ILS</i>	Financial instruments used by investors to access non-correlating investment returns. This is generally taken to mean catastrophe bonds and other listed securities offering capital investors access to the returns and losses of property insurance policies covering natural events such as earthquakes and hurricanes.
International Association of Insurance Supervisors	<i>IAIS</i>	Established in 1994, the IAIS represents insurance regulators and supervisors of more than 200 jurisdictions in nearly 140 countries, constituting 97% of the world's insurance premiums. Its objectives are to: > Promote effective and globally consistent supervision of the insurance industry in order to develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders; and to > Contribute to global financial stability.
Locate Guernsey	<i>Locate Gsy</i>	Locate Guernsey is a government-backed agency promoting Guernsey as a world-leading destination for individuals and for businesses and providing guidance and assistance to those relocating to the island.
Long-term insurance business		Includes all types of life, health and pension insurance policies, i.e. cover that is expected to be for a period of more than one year.
Memorandum of Understanding	<i>MoU</i>	An MoU describes a bilateral or multilateral agreement between two or more parties. It expresses an intended common line of action. It is often used in cases where parties either do not imply a legal commitment or in situations where the parties cannot create a legally enforceable agreement.
National Association of Insurance Commissioners	<i>NAIC</i>	The U.S. standard-setting and regulatory support organisation created and governed by the chief insurance regulators. Through NAIC the state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight.
Organisation for Economic Co-operation and Development	<i>OECD</i>	The OECD is an intergovernmental economic organisation with 35 member countries, founded in 1961 to stimulate economic progress and world trade.
Pensions longevity risk		Longevity risk is any risk driven by the increasing life expectancy of pension policy holders. Longer life spans mean the potential for higher than expected pay-out-ratios for many pension funds, particularly defined benefit pension plans.
Producer Owned (Re)Insurance Companies	<i>PORC/POIC</i>	PORC/POICs are companies, or cells of PCCs/ICCs, that are beneficially owned by the intermediaries of insurance business. In the case of PORCs insurance business is ultimately reinsured into the vehicle through an independent fronting insurer.
Skills Guernsey	<i>Skills Gsy</i>	SoG sponsored body established in 2013 to identify the strategic direction for developing business skills in the island.
Solvency II Directive	<i>Solvency II</i>	Solvency II is a Directive in EU law that codifies and harmonises EU insurance regulation. Primarily concerned with capital levels that EU insurance companies must maintain to reduce the risk of insolvency when faced with large claims. The Directive was effective from 16 January 2016. See 'Solvency II Explained' section above.
Special purpose insurer	<i>SPI</i>	Licensed insurers whose purpose is to facilitate the transfer of risk from one party to another within a wider single transaction or structure, e.g. transformers.
The Channel Islands Competition and Regulatory Authorities	<i>CICRA</i>	The name given to the Jersey Competition Regulatory Authority and the Guernsey Competition and Regulatory Authority (formerly the Office of Utility Regulation).
The States of Guernsey	<i>SoG</i>	This term refers collectively to both the government (the States of Deliberation) and the civil service of Guernsey.

