

# Guernsey

Marsh Guernsey and its predecessor companies have maintained an Insurance Manager's License continually in Guernsey since 1975. As the largest European captive domicile, Guernsey has experience of working across the range of all industries. This is further supported by being the first domicile to have Protected Cell and Incorporated Cell legislation. We are able to provide management services for both captive and cell structures.

## General Information

**Location** Guernsey is a self-governing dependency of the English Crown located in the Channel Islands approximately 70 miles south of England and 30 miles from France. The population is approximately 63,000. The island has a well-established financial services sector with a highly skilled workforce across all disciplines.

**Guernsey** Guernsey is one of the world's leading captive centres; offering a domicile for self-insurance for firms. These firms are mainly located in the UK, but a significant portion of the Guernsey captive industry originates from around the globe.

Guernsey is also recognised as being a centre for reinsurance and insurance linked securities; offering in particular collateralised catastrophe reinsurance. Guernsey also serves ex-patriates especially for life and health insurance.

Guernsey pioneered the protected cell company and more recently has seen growth in the use of the incorporated cell company, not least for pensions de-risking funding.

Guernsey plays an active role in the International Association of Insurance Supervisors (IAIS) and currently chairs the Group of International Insurance Centres Supervisors (GIICS).

For more information about Guernsey, please contact:

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**General Information**

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Applicable Legislation      The Insurance Business (Bailiwick of Guernsey) Law, 2002, as amended. Licensed Insurers' Corporate Governance Code Protected Cell Company Legislation was introduced in 1997. Incorporated Cell Company Legislation was introduced in 2006.

Regulatory Agency              Guernsey Financial Services Commission - Insurance Division.

Accessibility                      Regular daily flights from London and other provincial centers in England, together with flights from certain European cities, as well as daily fast ferry service from England and France.

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**Capital Floor**

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General Business (Property/Casualty)              £100,000

Long-Term Business (Life)                              £250,000

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## Solvency Requirements

In accordance with the Insurance Business (Solvency) Rules, 2015, a licensed insurer must at all times hold regulatory capital resources greater than or equal to its Minimum Capital Requirement (MCR) and its Prescribed Capital Requirement (PCR).

The MCR for general business is the higher of 12% of net premium written or 12% of the value of net reserves. The MCR for life insurers is 2.5% of total reserves, net of reinsurance.

The PCR calculates risk capital by applying capital factors to four main areas of risk (market, counterparty default, premium, and reserve) less credit for diversification. Credit is also given for Letters of Credit issued on the Licensees behalf and issued but uncalled share capital.

Intercompany loans are allowed subject to counterparty credit rating. 55% automatically allowable for an unrated counterparty and up to 100% for AAA rated counterparty.

Regulator retains the discretion to agree to regulatory adjustments where specifically required for solvency purposes.