



**MEETING OF THE COMMITTEE OF GIIA**  
**Held at St Martin's House, Bordage, St Peter Port, Guernsey**  
**at noon On 19 July 2018**

**Minutes & Action Points**

**1.0**

**Present:**

Derek Maddison (DM) - Chairman  
Mark Elliott (ME) – Deputy Chairman  
Ian Drillot (ID) - Treasurer  
Peter Child (PC)  
Mike Johns (MJ)  
Steve Hogg (SH)  
Clair Le Poidevin (CLeP)  
Richard Le Tocq (RLeT)  
Vanessa Pipe (VP)  
Paul Sykes (PS)  
Nigel Winkett (NW)  
Lorraine Allen (LA)

**Apologies for absence:**

Richard Bates (RB)  
Francis Kehoe (FK)  
Martin Le Pelley (MLeP)

**In attendance:**

Graham Powell (GP) Cutts-Watson Consulting (CWC)  
James Travers (JT) – Guernsey Finance (GF)

**2.0**

**Minutes of Previous Meeting**

The minutes of the meeting held on 17 May 2018, having been circulated, were approved for signing by the Chairman as a true record.

**3.0**

**Matters Arising**

**Outsourcing**

DM said GIIA had given some comments and there had been a meeting at the GFSC where some changes had been conceded. The guidance was based almost verbatim on the IAIS core principles and, overall, was not particularly onerous. It was regrettable that the GFSC had not listened to industry representation that outsourcing to a licensed insurance manager should be treated separately from other forms of outsourcing, given that the main business model of most GIIA members was that of outsourced providers, but this was not unduly problematic and the guidance note had now been issued. DM had received an email. **ACTION DM to circulate the email to the Committee with a link to the GFSC guidance note.**

DM

**Captive Management Examination/Text Book**

DM had held a meeting with Callum Beaton of the CII, who had been enthusiastic that the CII qualification should include some form of captive module, which would also deal with some non-traditional insurance and would be of broader appeal to underwriters, brokers and other professionals taking the qualifications. Callum had sent an email to the CII and had since come back and suggested that maybe it could be addressed through one of the core risk management papers, rather than produce a specific paper. RLeT said he was not keen for the Captive section

to be subsumed into the CII's risk management papers. It was agreed that the current book was very dated and needed considerable updating. RLeT offered to be involved in taking this forward.

GP advised that in the US the International Center for Captive Insurance Education was running course leading to an Associate in Captive Insurance.

**ACTION: DM to circulate the note he had received to the Committee. GP to ascertain what was required to become an associate in Captive Insurance – as this might cover similar material to the Captive Management textbook.** DM/ GP

#### Zurich Event

MJ reported that the Guernsey Captive Manager Forum run by Zurich (on 7 June) had been successful and he understood other firms might be interested in organising similar events. There had been approximately 45 delegates and Zurich was keen to repeat the event next year.

#### Young Persons Forum (to be known as Insurance Development Forum)

ME said a date had been agreed for the event – 18 September 2018 and that both Barclays and BDO had offered financial/logistical support if required. ME would be setting up a meeting with NW and Nathan Hodder of BDO to drive this forward. ME said it would be good for as many committee members as possible to be at the event which would be built around a presentation on ILS modelling. LA asked if the purpose of the event was recruitment or to motivate people already in the industry. ME said it would be an opportunity to create some momentum and a networking opportunity. **ACTION: ME to organise a meeting to finalise the arrangements for the event.** ME

#### Committee Dates

LA confirmed meeting dates for the remainder of 2018 had now been diarised.

#### 4.0 GIIA Committee Reports

#### 4.1 Marketing Development Committee ("MDC")

The Minutes of the MDC meetings held on 25 April and 9 July 2018 had been circulated. PC gave an overview covering the activities of both the MDC and the Convergence Capital Working Party ("CCWP").

The MDC was currently looking at all the different insurance product groupings that Guernsey had to offer and the best ways to market those products. It had put together a spreadsheet summarising its work to date on this which had been circulated. Over the course of the next two meetings the MDC would be turning this into a 2019 marketing plan, with costings, split by product groupings and events. The committee would also be developing "key messages" which would be a theme running through all the year's events. **ACTION: PC said that any input from outside the MDC was welcome.** ALL

PC reported that the next MDC meeting would be considering the possibility of using an outside PR agency to work alongside GF in relation to the marketing of ILS. This would help to identify opportunities and to target audiences that were not being reached at the moment. PC had been talking to a UK PR agency called Rein4ce (<http://www.rein4ce.co.uk/>) which had produced some ideas on how it might support Guernsey as a place for doing reinsurance business. Once the MDC had reached a decision PC would bring a proposal to this Committee to approve the funding.

A

### **London Drinks (15 August)**

This was an initiative by David Reeves of Barbican following a discussion with GFs representative in London (Adrian Norman). Barbican had a product called CLaRE, which was a Guernsey based reinsurance structure which they were looking to sell into the Lloyd's Market and wanted to be able to demonstrate through a networking event that Guernsey had real substance. LA said approximately 15 people were attending from Guernsey but there were others who might attend but required more information before they committed to it.

### **Monte Carlo (11 September)**

PC informed the meeting that this was a GF sponsored (drinks) event to be held at the Monte Carlo insurance and reinsurance conference and a decision needed to be taken on what message Dominic Wheatley would be delivering to the attendees. JT said GF had prepared some material which would be circulated to the attendees and there would be a press release.

PC/JT

### **Guernsey Insurance Forum ( 11 October)**

PC advised that the focus this year would be on captives and there would be panel sessions on BREXIT and Substance. JT reported that the panel for the session on Substance was now complete. There were still two silver sponsorships available.

### **CCWP Roadshow (October/November)**

Stewart McLaughlin would be leading a CCWP Roadshow to London in October or November. The purpose of this was to repeat and reinforce the messages delivered during the April Roadshow. SM would be joined by representatives of other parts of the Finance Sector including Banking and Funds.

## **4.2 Regulatory & Technical Committee**

DM said there had been a call with Martin McHugh (of the GFSC) that morning re the Omnibus Consultation and at the end of the conversation, there had been unanswered questions. MLeP had sent an email earlier. DM said the point had been made that Industry needed longer on this type of consultation. PC asked whether the GFSC might be open to regular meetings. DM said in theory that was already agreed. PC said he did not want to return to a situation where the GFSC risk appetite was not in keeping with the industry. PC said they should be asked to provide a formal statement of regulatory risk appetite and then the environment could not be affected by personal risk appetite. DM said there should be some correlation between the regulatory risk appetite and the risk appetite of the States of Guernsey. VP suggested asking the GFSC to come to a meeting to discuss what was on its agenda for the next 18 months and how it would impact Industry. **Action: GFSC to be invited to a meeting.**

DM

### **Approved Asset Regulation**

No comment or pushback had been received from the members on the proposed changes to the rules applying to licensed insurance managers, largely because the minimum requirement was so low relative to the typical capitalisation of an insurance manager. The main change was to disallow upstream loans in the solvency calculations. On the basis that no Committee Member had expressed any concern, no further action was required and it was expected that the new rules would come into force shortly.

D

## **Company Law – c/f next meeting**

GP said he had attended the GIBA meeting to put forward Industry's view with regard to the Omnibus consultation and Carl Rosumek had already been aware of GIIA's views on the matter.

### **4.3 Education Committee**

#### **Captive Insurance Handbook – previously discussed under 'matters arising'**

Callum Beaton had suggested GIIA/IIG co-operate more with regard to events. GIIA had helped promote IIG's events and they had promoted GIIA's. **ACTION: ME to ascertain who is currently the CII's Education representative.**

ME

### **5.0 PWC Review**

An update had been included in the Agenda Pack. GP gave an overview. He said there had not been much interaction with Locate Guernsey, so the connection with the "movers and shakers" had come from the CCWP Roadshow.

GDPR – in the UK there had been a carve out for insurers but GP was unsure if there was going to be a carve out here. PC reported that David Moore had taken on this project.

Recommendation 18 – thought leadership for Solvency II non equivalence. There was discussion on the benefits of Guernsey being outside Solvency II. PC said Adele Gale (Artex) was preparing a paper on this for the CCWP.

PC/JT

GF website – there had only been 4 articles during the first 6 months of this year. JT said there were 2 pieces coming out following ILS insight.

#### **Convergence Capital Working Party**

The minutes of the meeting held on 16 July 2018, together with the CCWP objectives and strategy to achieve those objectives had been circulated.

### **6.0 Communication with the GFSC**

This had been covered previously in the meeting.

### **7.0 Treasurer's Report**

A summary page had been circulated with the Agenda. ID said the balance had not moved much. At the AGM it had been predicted that given the increase in the annual fees and increased expenditure, GIIA should break even and that was happening. There were no unexpected expenses. ID said he would produce some accounts for the next meeting.

ID/LA

DM said the Charity Cheques had been issued in advance of the Charity representatives being invited to the Summer Drinks event. LA had contacted the three charities to advise them of the funds raised.

ID confirmed the process of annual billing was still being accelerated with invoices being issued slightly earlier each year.

D

**8.0 Cutts Watson Consulting**

**8.1 Activity Report**

A summary had been circulated of the time which had been spent by CWC on GIIA which was broadly 50% on the MDC and 50% on the CCWP.

**8.2 Website Review**

A website review had been undertaken by CWC and it had been concluded that it was a good website, but its exact purpose needed to be clarified. It concluded that there were some technical issues that needed to be looked at.

LA said the technical problems had been fixed. LA had also updated the website as far as was possible, but there was some more to do to improve what was already there. DM said a decision needed to be made as to how much should be spent on an upgrade. LA said there was no information on the MDC at the moment. DM said it was not being used as a marketing tool for the industry but more for information and it might be better to spend money on the PR agency (see above).

**8.3 Captive NEDS – the next generation.**

Malcolm Cutts-Watson had issued an update. A NED development programme was being undertaken and GP asked if anyone from the Committee wanted to be involved. PC questioned whether it was currently difficult to find NEDs as there were always plenty of good applicants for Artex's NED positions. Following discussion it was agreed that this should emanate from the NED Forum/independent consultant rather than GIIA but could be publicised on the GIIA website.  
**ACTION: GP to feed back to MCW.**

**GP**

**8.4 CICA**

14 & 15 November Captive forum – GP asked if anyone was attending and if so, could they ascertain if there was anything useful for GIIA? CLeP, RLeT and MJ were possibly attending.  
**ACTION: One of the Committee members attending to arrange a meeting with a CICA representative at the Forum.**

**CLP/  
RLT/  
MJ**

**9.0 GIBA**

The minutes of the last meeting had been circulated. DM said there was an emphasis on transport and air links in particular. There was reference to a new double taxation agreement with the UK. VP said that until recently if a company was managed and controlled in the UK it could not be resident in Guernsey and the local legislation was being amended to bring that in line. DM said that Tony Mancini had made an aside in relation to withholding tax on upstream loans suggesting that the new rules would be much simpler and avoid many of the issues and complex processes that firms currently experienced. **Action VP to ascertain details and to update DM.**

**VP**

## 10.0 FSF Update

The minutes of the last meeting had been circulated. DM said the format of these meetings would be changing. The individual associations would no longer be invited but would be represented by the Chair of GIBA who could bring along representatives from the associations depending on what was being discussed at the time.

## 11.0 Membership Communication

LA said the next Newsletter was almost completed but it needed to contain details of the Insurance Development Forum taking place on 18 September. **ACTION: ME to liaise with LA to confirm further details to be included in the Newsletter.**

LA/  
ME

## 12.0 External Communication

No report.

## 13.0 Membership Recruitment

A discussion took place. LA said membership numbers had decreased slightly last year as a result of some captives closing but recently there had been a couple of new members. It was agreed key selling points needed to be identified. MJ suggested GIIA's lobbying role in relation to developments that affected captive business. MJ proposed getting a few people together to identify selling points and formulate a marketing letter. **Action: LA/MJ to look at updating the previously issued marketing letter, which could be circulated as a separate Newsletter. It could then be sent to the managers to include in client board packs.**

LA/  
MJ

## 14.0 Dates of Next Meetings

- 27 September 2018 (at noon)
- 21 November 2018 (at noon)

## 15.0 Any Other Business

### BEPS

MJ commented on the recent OECD BEPS paper which had been circulated. He was concerned that there was a lack of knowledge on what a captive insurance company actually was. The content was inaccurate and he felt that if GIIA did not respond to this kind of misinformation, it would snowball. DM asked VP if accounting firms were responding. VP had circulated it to E&Y Tax Department but had not yet received a response. VP asked whether Managers and other interested parties should respond – not just GIIA. There was a meeting organised for 20 July. PS assumed that this was to start the response. DM said that at FSF meetings, a huge proportion of the time was spent hearing an update on the discussions with the code group in relation to substance, which must all be linked to the meeting on 20 July. The States had asked PC to meet them to talk about substance and a potential definition of substance within the tax legislation. VP said at the meeting last year, Guernsey, Jersey and Isle of Man were told they would not be on the List and would have a year to think about substance and how they would change. Jersey

had been very public and Guernsey less so. The three islands had been grouped together, but Jersey's insurance industry was not as large as Guernsey's. **ACTION: PC to circulate bullet points from the meeting to DM. GIIA to issue a response to the paper - Input would be required from a tax expert. VP requires feedback from industry.** VP/PC

There being no other business the meeting ended at 1.40pm.

*Deen Naidoo*

Chairman

*8/10/18*

Date

*10*