

Guernsey International Insurance Association

Chairman's Report 2020

Ladies & gentlemen, welcome to the Guernsey International Insurance Association (GIIA) Annual General Meeting. Thank you for giving up your time this evening.

Well, I've completed my first year as Chairman and whilst it hasn't been as busy with new legislation and GFSC regulation, we have been far from idle. I use the term "we" because, although I am Chairman and deliver this report, there are a number of individuals throughout the industry who give up their time voluntarily to ensure we protect our members and represent their interests. I will name some names a little later in this report but in case I don't name you individually it's not because I don't value your contribution.

The small matter of substance seemed to generate a significant number of meetings. Whilst initially this seemed a relatively small issue for the industry in so far as it was considered by many that we, as an industry, already maintained best practice in many of the areas highlighted, the delay in issuing the insurance guidance did lead to confusion particularly around the allocation of time for employees and NEDs. The whole concept has led to a significant increase in work for the Managers, which probably will not result in a corresponding increase in fees. At least we made the white list!

The thematic review carried out by the GFSC, on Annual Returns, was, for me, a disappointing moment. Whilst we all understand the need for such reviews, in my view the final report focused on the negatives rather too much and didn't seem to address the fact that some of the negatives were as a direct result of a lack of discussion following the introduction of the new solvency model. Clearly, there was misunderstanding about how certain investments and deposits should be handled and feedback to industry may have resolved the issues highlighted. However, for me the major positive coming out of the exercise was the dialogue between industry and the GFSC afterwards to resolve and improve matters. Hopefully the forthcoming round of Annual Return submissions will result in a positive report from the GFSC.

It was reassuring to see the Thematic Review of Insurer Cash Management and Control of Funds was more positive and areas of good practice was also mentioned and applauded by the Commission.

During the early months of becoming Chairman one repeated concern that was raised, particularly at the Market Development Committee, was the delay in processing new applications. The issue was raised with the Commission and they have taken action to resolve the problem. So far I understand that the turnaround time and application process have improved.

I think the GIIA relationship with the Commission is important. I meet regularly with Dr Quick to discuss not only areas of concern but also potential development opportunities. I know Manus Carvil has been working on a number of initiatives, in this respect, which will raise the profile of the island further.

I've learnt during the last 12 months that there is no such thing as a quick meeting. Actually "a meeting" doesn't exist as it's normally followed by several others to discuss developments or lack of development for that matter. At times, some of these meetings often occur on the same day and take up considerable time so I'd like to take this opportunity to thank WTW and in particular Richard

Paris Smith for allowing me to fulfil this role. Actually, this isn't limited to me, it's everyone involved with GIIA, so thank you to all employers. I think at one stage this year I had 4 GIIA meetings in one day, I think going forward, this should be avoided, and I'll try to make the committees aware of the timings, perhaps introduce a diary!

Whilst mentioning meetings it would be remiss of me to omit the Guernsey International Business Association (GIBA). We sit as member association on the GIBA management committee and attend their meeting once a month as well as various other meetings with both the States of Guernsey and the GFSC. This provides us with the opportunity and ability to meet with senior representatives of the States of Guernsey and senior civil servants. We have raised several issues including the introduction of substance and currently Insurance Policyholder preferred creditor status and changes to the ICC laws to allow different board of directors for cells. Both of these issues are part of ongoing discussions.

The forthcoming Guernsey Island wide voting & election will also be a time of focus for GIBA. Use your votes wisely!

The States of Guernsey have also offered their support to commission a follow up to the PWC report on the Insurance Sector. You may recall that this report was produced for the Financial Sector Policy and issued in November 2016. It formed the basis behind the strategy of the GIIA Market Development Committee (MDC) and many of its findings now form part of the development strategy currently being implemented. It was felt by the MDC and the main GIIA committee that a follow up report should be commissioned to partly review what has been achieved since the original report was completed but also to highlight new potential areas of growth for the industry. The new report was put out to tender, I understand that the scoring of those tenders has now been completed and a meeting between GIIA representatives and the SOG will be held shortly to award the contract. It is the intention that the report will be finalised before the end of June.

The MDC has continued to co-ordinate the marketing activities of GIIA working closely with the team at Guernsey Finance. The MDC has a growing list of sub-committees that serve to organise the various events that are held across the world. My thanks to Peter Child, who can't be with us today, for heading the committee. Peter has agreed to continue in this role for this forthcoming year. The subcommittees are, in no particular order:

- The ILS & Reinsurance – headed by Mark Elliott
- The Longevity & Life – headed by Kate Story
- The Captive Insurance subcommittee – headed by James Stewart
- The MGA subcommittee – headed by Charles Scott
- The Insurance Development Forum – headed Ben Davies
- The Regulatory & Technical Committee – headed by Martin Le Pelley

My thanks to you all and your employers for your time and commitment to GIIA.

I think it's fair to say that these committees have changed the way in which GIIA operates. Certainly from when I joined the committee which I think is about 15 years ago. These committees provide an opportunity for younger members of industry to participate in the overall strategy of the industry going forward. The unfortunate fact is that GIIA is, for want of a better word, an ageing committee.

Both I and my colleagues on the main committee would like to encourage younger members of our industry to step forward and participate. Provide us with your views on how we are doing things and hopefully at some stage in the not too distant future provide the continuity that we will need to keep this association operating. If you are or if you have anyone interested in participating please contact me, Mark Elliott or Ben Davies. Ben has recently taken over the lead on our Insurance Development Forum and has some great ideas on how we can change our approach, his energy is exactly what this association needs to enhance and encourage going forward.

The committees have also enabled GIIA and Guernsey Finance, to significantly raise the profile of Guernsey as an insurance centre. The hugely successful ILS insight conference, which is held in Zurich in July, will be repeated this year. Add to that numerous events and articles commenting and advising on developments in Longevity, MGA's, and once again Captive Insurance, continue to place Guernsey as the leading domicile in Europe. My thanks to Dominic Wheatley and his team for their work and assistance.

So. We're working hard to promote the island. What does that mean for GIIA? One would hope that it should lead to an increase in membership but regrettably this doesn't necessarily happen and I think this is something that we need, as an association, to focus on going forward. The GFSC statistics indicate that there were 627 insurance entities at 31st December 2019, this excludes ILS. Yet membership of GIIA is only 85 members. I think we need to reinforce why becoming a member is so important. It's not just for the Managers, as I've heard from a local consultant, they're only 14 in number, it's important to have as many representatives as possible to give critical mass. So that when we approach the SOG for changes in the law they know that there is a significant force behind the request or if we oppose a change in regulation it's not just in the interests of the managers it's the whole international insurance industry protecting its interest. I plan to make this a focus for my second year as Chairman, with the objective of growing the membership.

Promoting the island and developing new areas of business isn't the only thing that GIIA has been working on.

The Regulatory & Technical Committee has been involved in several projects. I've mentioned substance but lead by Martin le Pelley they have also discussed issues such as GDPR, Discrimination Legislation not to mention the National Risk Assessment. Martin has also spent many hours at the GIBA technical committee and I'm grateful to him. Martin, who is stepping down as head of this committee but will remain on the it, for his work and leadership.

Another person who has decided to step down from his role is our NED representative Steve Hogg. Steve has served on this role for many years and I thank him for his time and loyalty. Steve intimated that he wanted to step aside last year but agreed to stay until I found a suitable victim, I mean, replacement.

So, who is replacing who? I am delighted to announce that Graham Powell has agreed to step into both voids. He will lead the Regulatory and technical committee and also serve on the main council as the Category 3 NEDs representative.

Graham has been attending many meetings in his role with CWC and the connection with CWC and GIIA will remain but will be more focussed on the project work that we, GIIA, originally intended.

Graham will be able to contribute more, particularly at the main Committee meetings, and I'm sure his vast experience will be most valuable.

Graham's work with CWC has assisted the development of GIIA, particularly with the MDC & ILS committees.

You'll be pleased to know that I'm reaching the end. My predecessor's report was four pages long, so is mine albeit with a larger font.

As an industry we face an exciting time. Interest in captives is the strongest it's been for many years but the industry has diversified to generate interest in several other areas already mentioned. There is also the challenge of a Green Insurance Initiative.

In my view this association benefits from an energetic, entrepreneurial and focussed membership and I look forward to developing things further in my second year as Chairman.

For those of you available I'll buy you a drink at the bar, depending on the level of applause to this report.

Mike Johns

Chairman

26th February 2020