

Guernsey International Insurance Association

Chairman's Report 2023

Ladies & gentlemen, welcome again to the Guernsey International Insurance Association (GIIA) Annual General Meeting.

It has been an extremely busy year for the Association but one where I feel we have good progress across a number of fronts.

This Year we celebrated the 100 year anniversary of captives. An amazing milestone and one which we should be very proud of.

We also recently became to official largest captive domicile in Europe.

In addition to these accolades we continue to attend events and promote ourselves to new audiences in new sectors and geographies. Whilst recognising our core captive offering, we are the most diversified of all the financial sectors in Guernsey, and promoting all niches is very important. Pension Longevity, ILS, Reinsurance, MGA's and Life are all significant niches that we must continue to promote and innovate within.

Some key event highlights:

- Fantastic event and turnout at the Monte Carlo drinks reception – the pre-eminent reinsurance event worldwide.
- Attendance at BIBA, AIRMIC and Lloyds captive events that reinforce our presence as the leading captive domicile;
- Presence at the Bulk annuity conference
- Numerous press releases and promotional articles

I must thank Guernsey Finance for their support. I make no apologies for the amount of work GIIA generates for Guernsey Finance. I believe we are the most joined up, engaged and pro-active financial sector in Guernsey, but I do appreciate the work that this creates for all the team at Guernsey Finance.

I am really pleased we have been able to secure a specialist insurance representative within Guernsey Finance, Willie Lewis. I believe this represents a much better BD model compared to previous one. However, It is up to us as industry as to how successful this appointment will be. I would urge everybody to engage, collaborate and communicate with Willie.

All of the events and promotional work would not be possible without the engagement and pro-activity of the MDC and the various sub-committees. My thanks to everyone, but particularly, Mike Pickard / Stuart Brown, Chris Jehan and James Stewart / Christina Bell for leading those sub-committees, along with Graham Powell who supports.

Finally, my thanks to Peter Child for leading the MDC for over 7 years. A really exceptional stint in a difficult position where the powers of persuasion and diplomacy can be needed. I only hope your successor can maintain the cohesive and unified spirit that your tenure has engendered! On behalf of the whole Committee thank you again for your service Peter.

We have made great strides with our Green, ESG and sustainable finance framework initiative, and have built upon it by introducing a carbon offset within the GIIA membership fee, which will be promoted in due course. We must continue to push and evolve and our ESG Committee is key in keeping GIIA at the forefront of sustainable initiatives. This dovetails with Guernsey Finance's strategy and the engagement we have from members of that Committee shows the enthusiasm and commitment that GIIA's current and future members demonstrate towards this important topic. My thanks to John Rowson and his Committee for their hard work.

We continue to engage regularly with the regulator which has been helpful in promoting a more open and constructive communication channel. We have Moneyval on the horizon along with the insurance Omnibus. We must engage and support the regulator as industry wherever we can. There will always be a degree of friction between industry and regulator but this can be a healthy dynamic if we get the balance right. This balance must be continuously strived for by all parties to promote and secure our insurance sector.

We continue to hear about regulatory challenges around retail business and this is sure to be a focus of the omnibus review. As an Association we must do all we can to uphold the reputation of the Island and work collaboratively with the regulator where there are risks emerging. I am pleased that Mike Johns is leading the UK Market Access group which looks at both the opportunities as well as working with the regulator around the risks presented and the controls that can be put in place to protect the sector as a whole.

The implications of the OECD tax harmonisation proposals continue to be worked through. Initial reviews suggest this should have a limited impact on our sector but still plenty of work to be done.

We thank Graham Powell for leading the R&T so well and wish Manus Carvill the best of luck in taking over. This is a key committee for GIIA and one that often doesn't get the limelight but all the Committee deserves a lot of thanks for many meetings attended. The R&T act as GIIA's eyes and ears in many ways and the diligence of the committee provides the whole of GIIA much comfort.

GIIA continues to play an active role in GIBA, and we enjoy a good relationship with the other Associations and we thank Paul Hodgson for excellent leadership. We congratulate Paul Sykes who will be taking the Chair in May and hope that this helps our sector maintain the visibility it deserves at the local, political and regulatory level.

From a local perspective there are challenges to face, including:

- Tax. We continue to see a States that is crippled with indecision. The worst outcome that many felt could occur was that the can was kicked down the road, and that is indeed what has happened. I admire the Deputies trying to come up with pragmatic and compromised options, rather than those entrenched. An interesting comparison – Bermuda has a budget deficit of circa \$80m and a Government debt level of over £3billion. Comparatively, we are not in an awful situation and whilst fiscal prudence is to be lauded, we also need to grow. Sometimes I think we play for a nil nil draw and hope to win on penalties....
- Housing. Again another key factor that affects all of us and our members. I believe more radical joined up initiatives with Government could be introduced to support younger staff transitioning from school / University into the Finance Sector. Whilst I understand the

prioritisation of housing for low income families, we must look at the long term plan – without younger staff Guernsey firms will accelerate outsourcing and eventually there won't be any jobs in that bracket, even if there were houses that they could afford on Island.

- Education. I personally think the state of local education is borderline shambolic. This has a direct impact on the staff that we will employ in the future and has a direct impact on GIIA.

I believe we must lobby harder in government for our interests and those of the staff we represent. I feel like there is too much cosy backslapping amongst various industry bodies and the States. People are afraid of conflict and rocking the boat, so nothing changes. I must admit, I accepted defeat on this initiative half way through my tenure when I lost any hope of changing the status quo but I wish my successor the best of luck in effecting real change at all levels .

Membership levels of GIIA remain flat, due to some companies closing down and some new formations. I would ask Managers to encourage clients to become members of GIIA. The costs are low and the benefits are high, and this increased membership help us generate additional funds but also adds more scale and weight to GIIA when lobbying. There is a flyer articulating the benefits of membership that is designed to go into Board packs – please use this and help us grow.

I am also pleased to report that the Insurance Development Forum is now back up and running after a Covid enforced break. We have numerous sessions coming up and I would encourage members to attend for both educational reasons but also to network and support younger members of the industry. It is important that there is a link between GIIA and the industry and these events are vital for engaging with the future GIIA Committee membership!

We appreciate all the input into the new insurance management coursebook, particularly Nick Wild who has driven this project. This is now live so I would encourage everybody to promote the qualification to their respective organisations. We should be so proud to have this local qualification and my thanks again to all the contributors.

We have decided to make some changes to the GIIA membership fee structure going forwards, which should help balance costs more equitably and make membership for NED's free! We value NED engagement and hope that this removal of fees will encourage more involvement of NED's in GIIA.

As I bid farewell to my role as Chair of GIIA, I reflect on an industry that I am proud to be part of. We have a fantastic roster of clients, a wide variety of specialist niches, a strong innovation pedigree and a well respected regulator. But what I believe really sets us apart is the quality of our practitioners. I don't believe any other jurisdiction comes close. That's why I believe we have a collective ability to move up the value chain. We are not back office administrators. We are the world experts in insurance structuring and managing, and that is how we should value and sell ourselves both to clients, but also internally within our organisations. Let's make sure

- the next client lands here in Guernsey and not another domicile
- Lets make sure we encourage the next captive consultant to be based in Guernsey rather than London

- Let's encourage the next MGA client to move their whole operation to Guernsey rather than just setting up a reinsurance cell
- Let's cross sell to the CFO of FTSE 100 who has some time between his Board meeting and his flight home
- Let's encourage ILS funds to set up in Guernsey, not just use us for collateralised cells
- Let's encourage brokers to set up in Guernsey, rather than Bermuda

My hope is that we move beyond captives into being **the** insurance centre of excellence and ultimately take Bermuda's crown. There is no reason why it isn't achievable if we work towards it. This is one of the reasons I have decided to Chair the MDC. I believe we must continue the good work that Peter and the rest of the MDC have put in place.

Before I finish, thanks to Peter Child, Adele Gale, Stephen Wilson and Graham Powell and all of the members of the GIIA main Committee and sub committees for their support, work and commitment during the past two years. I would also like to thank Lorraine for her calm, patient support. Having you in the role really does help. This role has not been easy for me to manage alongside other commitments and frankly would be impossible without your collective support. I leave a number of initiatives unfinished and feel like so much more could have been done. Alas, given the nature of the role I fear that this will always be the case, but I can say that I have always acted with integrity and with our members interests always at the forefront of my mind.

I congratulate Adele on her appointment as Chair. I believe Adele is perfect to give the Association the shot of energy needed. Her enthusiasm, work ethic and determination will stand her in good stead for the role. I thank her for her help and support to me over the past two years and I wish her the best of luck as Chair. Anything I can do to help, please just ask. GIIA is in good hands.