



GUERNSEY STATUTORY INSTRUMENT

2002 NO. 36

**The Insurance Business (Asset and Liability Valuation)  
Regulations, 2002**

<i>Made</i>	<i>5<sup>th</sup> November, 2002</i>
<i>Coming into operation</i>	<i>5<sup>th</sup> November, 2002</i>
<i>Laid before the States</i>	<i>2002</i>

**THE GUERNSEY FINANCIAL SERVICES COMMISSION** (in these regulations called "the Commission"), in exercise of its powers conferred by section 85 and paragraph 3(1) of Schedule 2 of the Insurance Business (Bailiwick of Guernsey) Law, 2002, and after consultation with the States of Guernsey Advisory and Finance Committee, the States of Alderney Policy and Finance Committee and the Chief Pleas of Sark General Purposes and Finance Committee, hereby makes the following regulations:

**Valuation bases.**

**1** An insurer shall use the following valuation bases for assets and/or liabilities in accordance with paragraph 3(1) of Schedule 2 to the Insurance Business (Bailiwick of Guernsey) Law, 2002:

**1.1 Assets:**

**1.1.1 Asset Valuations:**

Where the value of an asset in asset classes 3 or 4 (as specified in the Insurance Business (Approved Assets) Regulations, 2002),

exceeds 10% of the insurer's total market value of gross assets, then a proportion of the asset will be an approved asset and the remainder will be unapproved. The approved asset proportion will be limited to 10% of the insurer's total market value of gross assets and the unapproved proportion will be the excess of the value of the asset over that amount. For the purpose of calculating this amount, an asset will include the aggregate of all assets that have exposure to the same counter party or counter parties under common ownership.

#### 1.1.2 Unapproved Asset Value Restriction:

1.1.2.1 For licensed insurers carrying on general business, the total value of assets not included within the list of approved assets is restricted to one third of the total value of approved assets.

1.1.2.2 For licensed insurers carrying on long term business, the total value of assets not included within the list of approved assets is restricted to 3 times the total value of approved assets.

#### 1.1.3 Assets Supporting Property Linked benefits:

Where an insurer has entered into contracts providing for the payment of property-linked benefits in accordance with section 42(2) of the Insurance Business (Bailiwick of Guernsey) Law, 2002, the value of the assets, to the extent that they are held to match liabilities in respect of such benefits, are to be reduced to nil value.

1.2 Liabilities:

1.2.1 Liability Valuations:

Where an insurer has entered into contracts providing for the payment of property-linked benefits in accordance with section 42(2) of the Insurance Business (Bailiwick of Guernsey) Law, 2002, the value of the liabilities is to be reduced by the amount of the reduction in the value of assets effected in accordance with paragraph 1.1.3 of this regulation.

**Citation.**

- 3 These regulations may be cited as the Insurance Business (Asset and Liability Valuation) Regulations, 2002.

**Commencement.**

- 4 These regulations shall come into force on the 5<sup>th</sup> November, 2002.

**Interpretation.**

- 5 5.1 Any reference in these regulations to an enactment, regulation, rule or code is a reference thereto as amended.

5.2 The provisions of the Interpretation (Guernsey) Law, 1948 apply to the interpretation of these regulations.

Dated this *5<sup>th</sup>* day of November, 2002.

A handwritten signature in black ink, appearing to be 'L C Morgan', written over a horizontal dotted line.

L C Morgan

Chairman of the Guernsey Financial Services Commission

For and on behalf of the Commission

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EXPLANATORY NOTE.

(This note is not part of the Regulations)

These regulations define the valuation basis to be used by licensed insurers for valuing their assets and liabilities for regulatory purposes in accordance with paragraph 3(1) of Schedule 2 of the Insurance Business (Bailiwick of Guernsey) Law, 2002.