

**The Protected Cell Companies and Incorporated Cell
Companies (Fees for Insurers) Regulations, 2015**

Made by the Policy Council

21 December, 2015

Made by the Commerce and Employment Department

17 December, 2015

Coming into operation

1st January, 2016

Laid before the States

, 2016

THE POLICY COUNCIL, in exercise of the powers conferred upon it by sections 13 and 25 of the Financial Services Commission (Bailiwick of Guernsey) Law, 1987^a, sections 85 and 94 of the Insurance Business (Bailiwick of Guernsey) Law, 2002^b, and all other powers enabling it in that behalf, in accordance with section 86 of the Insurance Business (Bailiwick of Guernsey) Law, 2002 and having regard to, and in accordance with, sections 3 and 6 of the Guernsey Financial Services Commission (Transfer of Functions) (Fees) (Bailiwick of Guernsey)

^a Ordres en Conseil Vol. XXX, p. 243; as amended by Vol. XXXI, p. 278; Vol. XXXIII, p. 471; Vol. XXXV (1), p. 271; XXXVII, p. 24; Vol. XLII (2), p. 644; Vol. XLII (2), p. 766; Vol. XLIII (1), p. 49; Vol. XLIII (2), p. 574; No's. XIX, XXIII and XXIV of 2008; No. XIX of 2010; No. III of 2013; No. I of 2015; Recueil d'Ordonnances Tome XXIX, p. 406; Ordinance No. XXXIV of 2005; No. XXXIII of 2009; No. XXXIII of 2009; No. XII of 2015; No. XX of 2015; No. XXXIX of 2015; G.S.I. No. 29 of 2009.

^b Order in Council No. XXI of 2002; as amended by No. I of 2000; No. XIII of 2010; Ordinance No. XXXIII of 2003; No's. XII and LI of 2008; No's. VIII and XXXI of 2010; No. XXXVI of 2011; No. LV of 2014; Nos. XII and XX of 2015; G.S.I. No. 33 of 2004; G.S.I. No. 4 of 2008; G.S.I. No's. 15 and 83 of 2010; G.S.I. No. 68 of 2014.

Ordinance, 2015^c, and after consultation with, where required, and with the agreement of, the Guernsey Financial Services Commission, and where required, after consultation with, and, with the agreement of, the States of Alderney Policy and Finance Committee and the Chief Pleas of Sark Policy and Performance Committee, and **THE COMMERCE AND EMPLOYMENT DEPARTMENT**, in exercise of the powers conferred upon it by sections 438(3), 469(3), 535 and 538 of the Companies (Guernsey) Law, 2008^d, and having regard to, and in accordance with sections 3 and 6 of the Guernsey Financial Services Commission (Transfer of Functions) (Fees) (Bailiwick of Guernsey) Ordinance, 2015^e, and all other powers enabling it in that behalf, and with the agreement of, the Guernsey Financial Services Commission, hereby make the following regulations:-

Fee payable on application to be licensed as an insurer and for creation of new cell.

1. For the purposes of sections 6 and 11, of the Insurance Business (Bailiwick of Guernsey) Law, 2002 -

- (a) an application by a protected cell company to be licensed as an insurer shall be accompanied by a fee of £5,326,

^c Ordinance No.XII of 2015.

^d Order in Council No. VIII of 2008; as amended by No. XIII of 2010; No. I of 2013; No. VI of 2014; Ordinance No's. XXV and LIV of 2008; No. VII of 2009; No. XIV of 2009; No. XI of 2010; No. XXXI of 2012; No. XXXI of 2013; Nos. IV, XII and XXVI of 2015; G.S.I. No. 34 of 2009; G.S.I. No. 37 of 2013; and G.S.I. No. 84 of 2014.

^e Ordinance No.XII of 2015.

- (b) an application by a licensed protected cell company for consent for the creation of a new cell shall be accompanied by a fee of £1,742,
- (c) an application by an incorporated cell company to be licensed as an insurer shall be accompanied by a fee of £5,326,
- (d) an application by an incorporated cell to be licensed as an insurer shall be accompanied by a fee of £1,742.

Licence fee and periodic fee payable by protected cell companies which are licensed as insurers.

2. (1) For the purposes of section 94 of the Insurance Business (Bailiwick of Guernsey) Law, 2002, a protected cell company licensed as an insurer under section 7 of that Law in respect of insurance business that is general business within the meaning of that Law shall pay to the Commission -

- (a) on or before the last day of the month in which it is first so licensed, a fee equal to the sum of the following amounts -
 - (i) £5,326, and
 - (ii) £1,742 in respect of each trading cell and £140 in respect of each dormant cell in either case in existence when it is first so licensed,
 - (iii) £793 in respect of each transformer cell in existence when it is first so licensed (and for

the purposes of this subparagraph transformer cells are cells whose primary purpose is to enable transactions between the Capital and Insurance markets by converting contracts written on ISDA documentation into contracts written on traditional insurance documentation or vice versa),

divided by twelve and multiplied by the number of calendar months or part thereof between the date on which it is first so licensed and the end of the calendar year in which that date falls; and thereafter

- (b) on or before 31st January each year where the licence is in effect on 1st January of that year, a fee equal to the sum of the following amounts -
 - (i) £5,326,
 - (ii) £1,742 in respect of each trading cell and £140 in respect of each dormant cell in either case in existence at 1st January of that year, and
 - (iii) £793 in respect of each transformer cell in existence at 1st January of that year,
- (c) on or before the last day of the month in which a new cell is created, where that cell is created after the date of licensing of the protected cell company, a fee of £1,742 divided by twelve and multiplied by the

number of calendar months or part thereof between the date the cell is created and the end of the calendar year in which that date falls, and

- (d) on or before the last day of the month in which a dormant cell is reactivated, where that cell is reactivated after the date of licensing of the protected cell company, a fee equal to the difference between £1,742 and £140, divided by twelve and multiplied by the number of calendar months or part thereof between the date the cell is reactivated and the end of the calendar year in which that date falls.

(2) For the purposes of section 94 of the Insurance Business (Bailiwick of Guernsey) Law, 2002, a protected cell company licensed as an insurer under section 7 of that Law in respect of insurance business that is long term business within the meaning of that Law shall pay to the Commission -

- (a) on or before the last day of the month in which it is first so licensed, a fee equal to the sum of the following amounts -
 - (i) £5,326, and
 - (ii) £1,742 in respect of each trading cell and £140 in respect of each dormant cell in either case in existence when it is first so licensed,

divided by twelve and multiplied by the number of calendar months or part thereof between the date on

which it is first so licensed and the end of the calendar year in which that date falls; and thereafter

(b) on or before 31st January each year where the licence is in effect on 1st January of that year, a fee equal to the sum of the following amounts -

(i) an annual fee of £80,000 unless the body demonstrates to the Commission before the fee becomes due that its net retained policyholders' liabilities (after any reinsurance) at the end of the body's financial year most recently completed on or before 31st August of the calendar year preceding that in which the said fee must be paid -

(A) are less than £1, in which case the annual fee is £5,326,

(B) are equal to, or more than, £1 but less than £1,000,000, in which case the annual fee is £6,915,

(C) are equal to, or more than, £1,000,000 but less than £10,000,000, in which case the annual fee is £8,490,

(D) are equal to, or more than, £10,000,000 but less than £100,000,000, in which case the annual fee is £13,210,

(E) are equal to, or more than, £100,000,000 but less than £500,000,000, in which case the annual fee is £21,070, or

(F) are equal to, or more than, £500,000,000 but less than £2,000,000,000, in which case the annual fee is £40,800,

PROVIDED that where a body has ceased writing new insurance business before the fee becomes due the annual fee will be £13,210, unless the body demonstrates to the Commission before the fee becomes due that its net retained policyholders' liabilities (after any reinsurance) at the end of the body's financial year most recently completed on or before 31st August of the calendar year preceding that in which the said fee must be paid -

(I) are less than £1, in which case the annual fee is £5,326,

(II) are equal to, or more than, £1 but less than £10,000,000, in which case the annual fee is £6,905, or

- (III) are equal to, or more than, £10,000,000 but less than £500,000,000, in which case the annual fee is £9,271, and
- (ii) £1,742 in respect of each trading cell and £140 in respect of each dormant cell in either case in existence at 1st January of that year,
- (c) on or before the last day of the month in which a new cell is created, where that cell is created after the date of licensing of the protected cell company, a fee of £1,742 divided by twelve and multiplied by the number of calendar months or part thereof between the date the cell is created and the end of the calendar year in which that date falls, and
- (d) on or before the last day of the month in which a dormant cell is reactivated, where that cell is reactivated after the date of licensing of the protected cell company, a fee equal to the difference between £1,742 and £140, divided by twelve and multiplied by the number of calendar months or part thereof between the date the cell is reactivated and the end of the calendar year in which that date falls.

Licence fee and periodic fee payable by incorporated cell companies which are licensed as insurers.

3. (1) For the purposes of section 94 of the Insurance Business (Bailiwick of Guernsey) Law, 2002, an incorporated cell company licensed as an

insurer under section 7 of that Law in respect of insurance business that is general business within the meaning of that Law shall pay to the Commission -

- (a) on or before the last day of the month in which it is first so licensed, a fee of £5,326 divided by twelve and multiplied by the number of calendar months or part thereof between the date on which it is first so licensed and the end of the calendar year in which that date falls; and thereafter
- (b) on or before 31st January each year where the licence is in effect on 1st January of that year, a fee of £5,326.

(2) For the purposes of section 94 of the Insurance Business (Bailiwick of Guernsey) Law, 2002, an incorporated cell company licensed as an insurer under section 7 of that Law in respect of insurance business that is long term business within the meaning of that Law shall pay to the Commission -

- (a) on or before the last day of the month in which it is first so licensed, a fee of £5,326 divided by twelve and multiplied by the number of calendar months or part thereof between the date on which it is first so licensed and the end of the calendar year in which that date falls; and thereafter
- (b) on or before 31st January each year where the licence is in effect on 1st January of that year, an annual fee of the same amount as that for the time being prescribed in regulation 2(1)(b)(ii) of the Financial Services Commission (Fees) Regulations, 2014.

Licence fee and periodic fee payable by incorporated cells which are licensed as insurers.

4. For the purposes of section 94 of the Insurance Business (Bailiwick of Guernsey) Law, 2002, an incorporated cell licensed as an insurer under section 7 of the Insurance Business (Bailiwick of Guernsey) Law, 2002 shall pay to the Commission -

- (a) on or before the last day of the month in which it is first so licensed, a fee of £1,742 divided by twelve and multiplied by the number of calendar months or part thereof between the date on which it is first so licensed and the end of the calendar year in which that date falls; and thereafter,
- (b) on or before 31st January each year where the licence is in effect on 1st January of that year, a fee of £1,742.

Conversion of companies.

5. A person applying to the Commission -

- (a) under section 438 or section 469 of the Companies (Guernsey) Law, 2008, for the consent of the Commission to convert an existing company, which is licensed as an insurer, into a protected cell company or an incorporated cell company,
- (b) under section 469 of the Companies (Guernsey) Law, 2008, for the consent of the Commission to convert an

existing protected cell company, which is licensed as an insurer, into an incorporated cell company,

- (c) under section 438 of the Companies (Guernsey) Law, 2008, for the consent of the Commission to convert an existing protected cell company, which is licensed as an insurer, into a non-cellular company,
- (d) under section 469 of the Companies (Guernsey) Law, 2008, for the consent of the Commission to the subsumption of the incorporated cells of an existing incorporated cell company which are licensed as insurers, into their incorporated cell company and the conversion of that incorporated cell company into a non-cellular company, or
- (e) under section 438 of the Companies (Guernsey) Law, 2008, for the consent of the Commission to convert an existing cell of a protected cell company into a non-cellular company,

which will, when converted, be licensed under the Insurance Business (Bailiwick of Guernsey) Law, 2002, shall pay to the Commission at the time of making that application a fee of £1,005.

Power of Commission to waive fees.

6. The Commission may in its absolute discretion waive any fee, or part of a fee, payable pursuant to these Regulations.

Fees not refundable.

7. Subject to regulation 6, no fee payable under these Regulations is refundable.

Fees under the Financial Services Commission (Fees) Regulations, 2015.

8. The fees payable under these Regulations are in substitution for, and not in addition to, the fees payable under regulation 2 of the Financial Services Commission (Fees) Regulations, 2015.

Amendment to the Insurance Business (Bailiwick of Guernsey) Law, 2002.

9. (1) The Insurance Business (Bailiwick of Guernsey) Law, 2002, shall be amended as follows.

(2) In section 94(2)(d) of the Insurance Business (Bailiwick of Guernsey) Law, 2002 –

(a) in subparagraph (v), for the full stop substitute a comma, and

(b) immediately after subparagraph (v) insert the following subparagraph –

"(vi) under any other provision of this Law."

Interpretation.

10. (1) In these Regulations -

"**the Commission**" means the Guernsey Financial Services Commission, established by the Financial Services Commission (Bailiwick of Guernsey) Law, 1987,

"**dormant cell**" means a cell of a protected cell company in respect of which there are no unexpired insurance policies and no insurance liabilities,

"**incorporated cell company**" means an incorporated cell company within the meaning of the Companies (Guernsey) Law, 2008,

"**protected cell company**" means a protected cell company within the meaning of the Companies (Guernsey) Law, 2008,

"**trading cell**" means a cell of a protected cell company that is not a dormant cell.

(2) A reference to an enactment, Rule or Regulation is a reference thereto as from time to time amended, repealed and replaced, extended or applied.

(3) The Interpretation (Guernsey) Law, 1948^f applies to the interpretation of these Regulations.

Repeals.

11. The Protected Cell Companies and Incorporated Cell Companies (Fees for Insurers) Regulations, 2014^g are repealed.

^f Ordres en Conseil Vol. XIII, p. 355.

^g G.S.I. 2014 No. 93.

Citation.

12. These Regulations may be cited as the Protected Cell Companies and Incorporated Cell Companies (Fees for Insurers) Regulations, 2015.

Commencement.

13. These Regulations shall come into force on 1st January, 2016.

Dated this 21 day of December, 2015.

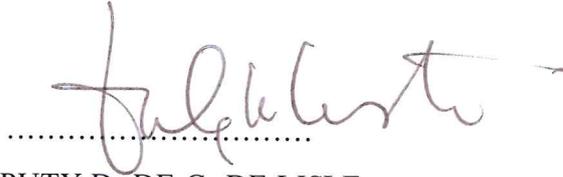


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DEPUTY A. H. LANGLOIS

Deputy Chief Minister

For and on behalf of the Policy Council

Dated this 17 day of December, 2015.

A handwritten signature in dark ink, appearing to read "De G. De Lisle", written over a horizontal dotted line.

DEPUTY D. DE G. DE LISLE

Member of the Commerce and Employment Department

For and on behalf of the Commerce and Employment Department

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations prescribe the fees payable to the Guernsey Financial Services Commission by any company which is a protected cell company or an incorporated cell company, and by an incorporated cell, and which applies to be licensed to conduct insurance business under the Insurance Business (Bailiwick of Guernsey) Law, 2002, and the fees payable periodically thereafter by such a company or cell when licensed and also for the creation of a new cell or the reactivation of a dormant cell by a licensed protected cell company. Furthermore, the Regulations prescribe the fee payable to the Guernsey Financial Services Commission by any company for consent for the conversion of a licensed company into a protected cell company or an incorporated cell company, for the conversion of an existing licensed protected cell company into an incorporated cell company, or for the conversion of a licensed protected cell company or incorporated cell company into a non-cellular company. The Regulations also specify a fee for the conversion (when the Companies (Guernsey) Law, 2008 so permits) of an existing cell of a protected cell company into a non-cellular company. These Regulations come into force on the 1st January, 2016.