

Insurance Newsletter

Number 1 Year 2009



Financial Services
Commission

Solvency 1 – Annual Review of the amount of the Minimum Guarantee Fund and the premiums and claims indices

When the Insurance Companies (Solvency Margins and Guarantee Funds) Regulations 2004 (“the Regulations”) came into operation on 1 January 2004 they introduced a requirement that annual inflation reviews be carried out in accordance with Article 17a of Directive 73/239/EEC and Article 30 of Directive 2002/83/EC of amounts laid down in euro. The first review was on 18 August 2006.

Under paragraph 13 of Schedule 4 to the Regulations, these increases take effect 30 days after the EU Commission has informed the European Parliament and Council of its review and the relevant percentages changes. The most recent review was published in the Official Journal of the European Union on 19 February 2009 and so the changes will be in effect from 21 March 2009.

These changes can be summarised as follows –

1. Minimum Guarantee Fund Requirement

	New	Previous
Long term business	€3,500,000	€3,200,000
General business (classes 1 to 9 and 16 to 18)	€2,300,000	€2,200,000
General business (classes 10 to 15)	€3,500,000	€3,200,000

2. Premium Index in form INS 3.

This increases from €53.1 million to €57.5 million.

3. Claims Index in form INS 4.

This increases from €37.2 million to €40.3 million.

For all companies these changes will take effect from 21 March 2009 and will apply for all periods ending on or after 21 March 2009. Applying the euro exchange rate effective from 31 December 2008 this will increase MGF to £2,754k (for long term business and general business (classes 10 to 15)) and £1,810k (for general business (classes 1 to 9 and 16 to 18)).

Changes will be made to the Insurance Companies (Solvency Margins and Guarantee Funds) Regulations 2004 and the Insurance Companies (Accounts and Statements) Regulation 1998.

Amended forms INS 3 and INS 4 together with revised New Returns will shortly be available on our web-site.

Published by:

Financial Services Commission,
Suite 943, Europort,
P O Box 940,
Gibraltar

March 2009