

## **Regulatory Summary – Guernsey Insurers**

### **Summary**

The regulatory treatment of AAAM Liquidity funds in Guernsey makes them an attractive asset for Guernsey insurers. Liquidity funds are treated as Class 1 Approved Assets and there is therefore no limit on the percentage of an insurer's assets which can be held in Liquidity funds and classed as an approved asset.

AAAM Liquidity funds provide a safe and flexible alternative to bank deposits. The AAAM rating is the highest rating available to money market funds.

### **Regulatory Treatment**

#### ***The Insurance business (Bailiwick of Guernsey) Law 2002***

Paragraph 2(1) of schedule 2 states that '*approved assets will be those assets that the Commission may from time to time approve by regulation*'. It also stipulates what percentage of an insurer's assets must be in approved assets.

#### ***The Insurance Business (Approved Assets) Regulations, 2002***

These regulations define the currently approved assets. AAAM Liquidity funds are defined as 'Class 1 Assets' in paragraph 1.1.4 as '*Collective investment schemes, capable of normal realisation at short notice (i.e.<30 days), which have a rating from Standard and Poors of AAAM or an equivalent rating from another rating agency acceptable to the Commission*'

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

These regulations define the percentage of insurer's assets which will be treated as approved assets for the different classes of assets as defined in the Approved Assets Regulations. There is no limit set for Class 1 assets. This means that an insurer can hold all his funds in this asset type.

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