

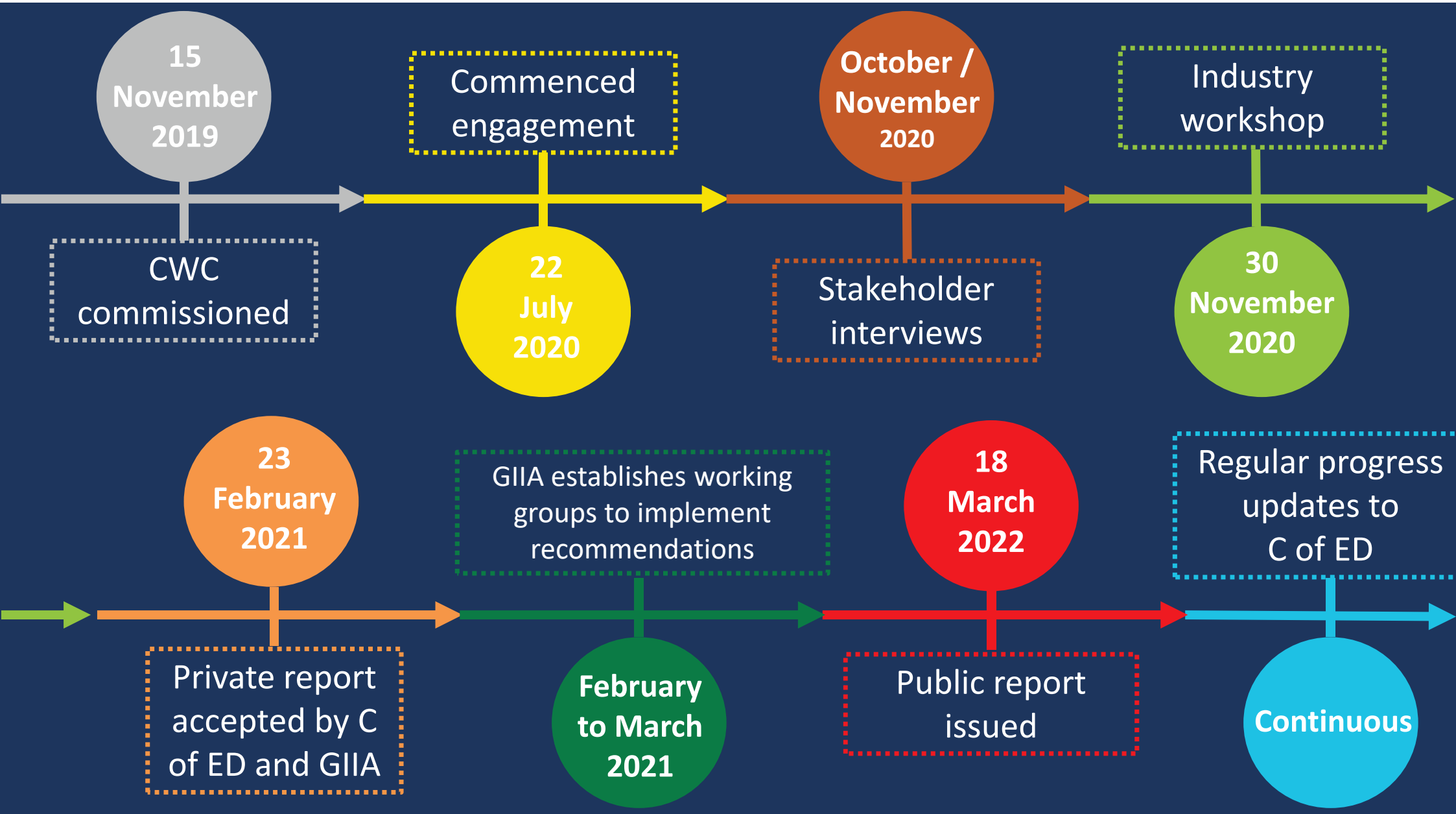
# Insurance Sector Strategic Review



*Insurance Sector Strategic Review  
for the States of Guernsey  
December 2021*

**CWC**  
Cutts-Watson Consulting  
Independent captive insurance advi

Malcolm Cutts-Watson  
Chair of Cutts-Watson Consulting  
(Author of ISSR)



# Architecture of ISSR



## 2 – Executive summary

Message from Malcolm Cutts-Watson Managing Director & Founder of CWC



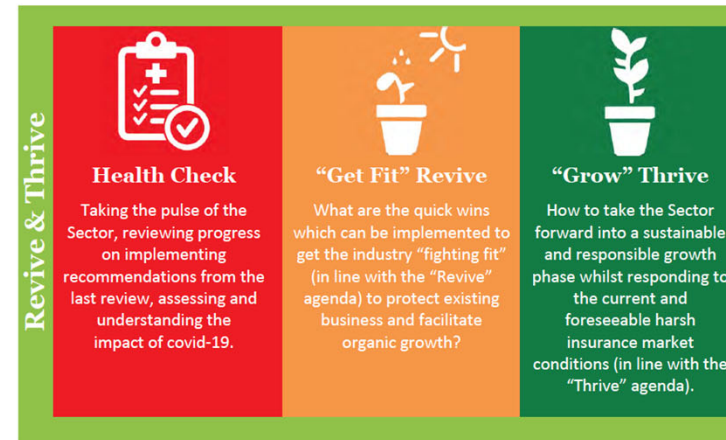
*“CWC is delighted to present this report on Guernsey’s Insurance Sector. Many of our consultants have invested their careers in developing and growing the Sector and we have a strong interest and motive in ensuring its future success.*

*CWC is staffed by stalwarts of the local Insurance Sector, complemented by consultants and correspondents across our global network. As industry practitioners, we offer our insight drawing upon a deep understanding of the business honed by decades of experience.*

*For our experienced and dedicated team, it is a case of déjà vu as insurance buyers, and markets, scramble to deal with the current harsh insurance market conditions. We can draw upon the experience gained during previous hard markets embedded in our collective memory. But with challenge, comes opportunity and Guernsey is ideally positioned to capitalise upon its strengths to move into its next chapter of growth.”*

Four years on from the last strategic review of the Sector, the local and global landscapes have changed dramatically. The report is intended to act as a “refresh” to the previous review to identify areas of opportunity and growth, with a strategy to exploit and develop the same.

The report is divided into 3 tranches (**Health Check**, **Get Fit and Grow**) which fall under the **Revive & Thrive** vision adopted by The States of Guernsey:



# Health check

## 2.1 Health Check

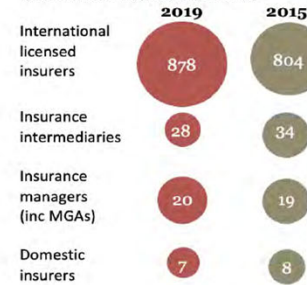
The Sector is thriving. Its strengths are (i) the diversity of offerings, (ii) consistency of demand and (iii) its complementary positioning to the other Financial Services Sectors, which makes it a natural hedge against financial market cycles given its emphasis on management of liabilities rather than assets.

Most of the recommendations arising from the previous review of 2016 have been implemented.

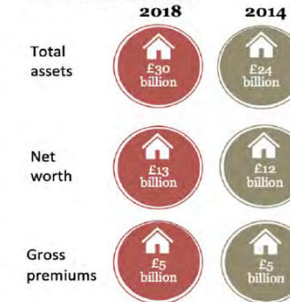
The remainder are ongoing or have been discounted.

The Sector is robust (as demonstrated by the key data points shown below) and suffered no serious consequences as a result of covid-19. Some new business development activity was deferred but the existing business was well marshalled.

### Insurance licence statistics<sup>i</sup>



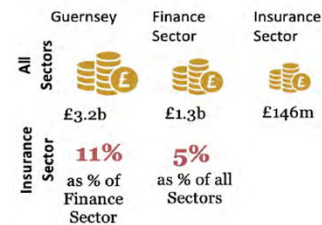
### Insurance volumes<sup>i</sup>



### Insurance Sector employees<sup>ii</sup>



### GVA 2019<sup>ii</sup>



### GVA per worker 2019<sup>ii</sup>



### Social Security contributions<sup>ii</sup>



### Personal tax paid<sup>ii</sup>



i. GFSC website.

ii. States of Guernsey, Data and Analysis.



# Revive & Thrive



## 5 - Revive & Thrive

### 5.1 Introduction & Themes

The recommendations detailed within this Section are in response to the strengths and opportunities which stakeholders and CWC have identified. These have been grouped into themes (4 themes for **Get Fit** and 6 themes for **Grow**).

This report nuances the States' message of "Revive and Thrive" to "Get Fit and Grow". As discussed earlier, the Sector did not suffer any serious retrenchment or loss of revenue from covid-19. The growth agenda continues to be the key driver of the recommendations.

#### 5.1.1 Timeframes

One of three timeframes is indicated:

-  **Short**  
(0-12 months)
-  **Medium**  
(12-36 months)
-  **Long**  
(36+ months)

Most of the **Get Fit** recommendations fall within the shortest time frame.

**Grow** recommendations tend to be more strategic and will take longer to deliver.

### Guernsey Insurance Sector Fit for Growth Strategy

5.2 Get Fit (Revive)	5.3 Grow (Thrive)
5.2.1 Law Recommendations REC01 – REC03	5.3.1 Global Reach Recommendations REC11 – REC13
5.2.2 Regulatory Recommendations REC04 – REC05	5.3.2 ESG "Green" Recommendation REC14
5.2.3 Human Capital Recommendations REC06 – REC07	5.3.3 Promotion Recommendations REC15 – REC17
5.2.4 R&D Recommendations REC08 – REC10	5.3.4 Captives Recommendations REC18 – REC19
	5.3.5 Innovation Recommendations REC20 – REC22
	5.3.6 Building on existing foundations Recommendations REC23 – REC25



# Constraints to success – building resilience

- ❑ Captive management business model limited for diversified offerings
- ❑ Scalability?
- ❑ Under pricing of value proposition
- ❑ Scarcity of HR resource and loss of experience
- ❑ Investment in technology