

SECOND SUPPLEMENT TO THE GIBRALTAR GAZETTE

No. 5174 GIBRALTAR Thursday 19th September 2024

LEGAL NOTICE NO. 180 OF 2024

FINANCIAL SERVICES ACT 2019

FINANCIAL SERVICES (INSURANCE COMPANIES) (AMENDMENT No. 2) REGULATIONS 2024

In exercise of the powers conferred on the Minister by sections 620, 621 and 627 of the Financial Services Act 2019, the Minister has made these Regulations-

Title.

1. These Regulations may be cited as the Financial Services (Insurance Companies) (Amendment No. 2) Regulations 2024.

Commencement.

2. These Regulations come into operation on the day of publication.

Amendment of the Financial Services (Insurance Companies) Regulations 2020.

3.(1) The Financial Services (Insurance Companies) Regulations 2020 are amended as follows.

(2) After regulation 51A, insert-

“Restriction on transactions with connected persons.

51B.(1) An insurance or reinsurance undertaking must obtain the GFSC’s prior written consent before entering into or varying a transaction with a connected person.

(2) In this regulation a “transaction with a connected person” means any arrangement (or any series or combination of arrangements) between an insurance or reinsurance undertaking and a connected person which will or may result in the undertaking-

- (a) making payments to the connected person of more than £200,000 in any period of 12 months for the supply of one or more of the following-
 - (i) underwriting services;
 - (ii) claims settlement services;
 - (iii) management services;

- (iv) investment management services; or
- (v) premises, computer facilities, equipment or staff;
- (b) acquiring any property, or any interest in property, of the connected person where the aggregate amount to be paid for the property or interest is more than £200,000;
- (c) selling or otherwise disposing of (including by lease, hire, mortgage, charge or assignment) any property, or any interest in property, to the connected person where the aggregate value of the property or interest is more than £200,000;
- (d) making any loan to, purchasing a debt of, or assuming liability for any obligation of a connected person where the aggregate value of the loan, debt or liability is more than £200,000;
- (e) acquiring one or more shares in a body corporate which is a connected person where the aggregate investment is more than £200,000; or
- (f) ceding risks by way of reinsurance to a reinsurer which is a connected person where the aggregate value of the premium paid is more than £200,000.

(3) Sub-regulation (2)(e) also applies where a body corporate will become a connected person as a consequence of the acquisition and, in such a case, references to a connected person must be construed accordingly.

(4) In this regulation “connected person” in relation to an insurance or reinsurance undertaking means–

- (a) a holding company of the undertaking;
- (b) a subsidiary of the undertaking;
- (c) a subsidiary of a holding company of the undertaking;
- (d) a body corporate controlled by–
 - (i) the undertaking; or
 - (ii) a controller, director, manager or secretary of the undertaking;
- (e) a person who is–
 - (i) a controller or director of the undertaking;

- (ii) a controller or director of a body corporate which is a connected person;
 - (iii) a partner in a partnership with a connected person; or
 - (iv) the spouse or civil partner, or a child or step-child under the age of 18, of a connected person;
- (5) An application for consent under sub-regulation (1) must—
- (a) be made in the form and manner the GFSC directs; and
 - (b) contain or be accompanied by such information as the GFSC reasonably requires.
- (6) The GFSC must decide an application within 30 business days of receiving it unless, not more than 10 business days after receiving the application, the GFSC notifies the undertaking in writing of any delay in making a decision and the reasons for the delay.
- (7) The GFSC may—
- (a) consent to the transaction unconditionally;
 - (b) consent to the transaction subject to conditions; or
 - (c) refuse consent to the transaction.
- (8) If the GFSC proposes to give consent subject to any condition or to refuse consent, before making a final decision the GFSC must—
- (a) give the undertaking an opportunity to make representations; and
 - (b) consider any representations that are made.
- (9) The GFSC must give the undertaking written notice of its decision on the application, including any conditions imposed under sub-regulation (7)(b).
- (10) An insurance or reinsurance undertaking may appeal under section 615 of the Act against a notice under sub-regulation (9) as if it were a decision notice to which that section applies.”.

Dated: 19th September 2024.

N FEETHAM KC,
Minister with responsibility for Financial Services.

EXPLANATORY MEMORANDUM

These Regulations amend the Financial Services (Insurance Companies) Regulations 2020, to require insurance companies to obtain the GFSC's prior consent to certain transactions with connected persons.