

27 January 2017



**Gibraltar Financial
Services Commission**

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Dear Sir/Madam,

Quality Assurance on Solvency II returns

On 21 November 2016 we issued a consultation paper on the quality assurance of Solvency II reporting. The consultation paper provided two options to achieve the goal of high quality information. Firms could either appoint a skilled person to undertake the review or have a single provider undertake a review of all in-scope firms in the market, alongside two members of GFSC staff.

All responses received to our consultation were reviewed and considered. They were broadly in support of engaging a single provider to review the whole insurance market, with some recommendations for ensuring a transparent selection process. These suggestions were incorporated into the approach we adopted when selecting a professional services provider. A full response paper to our consultation will be published by the end of February.

In order to support a transparent evaluation and selection process, the Chairman of the Gibraltar Insurance Association (GIA) was a member of the proposal review committee together with GFSC staff. Three firms were shortlisted to present their approach to the committee on 23 January 2017.

The key assessment criteria for this review included:

1. Whether the provider had demonstrated they have the credentials and experience to undertake the reviews.
2. Whether the work undertaken could be done in the timescales highlighted in the proposal document.
3. Adequate consideration of the conflicts of interest arising, and their mitigation.
4. Fees for the project as a whole and the fee range per firm.
5. Value adding services for the insurance industry.

Following this review process, PricewaterhouseCoopers (PwC) were selected as the successful service provider.

We will write to you by 6 February 2017 to advise you of the range of the expected cost of your review and your share of the levy that will be payable. Please note that the actual levy raised will be based on the time spent per firm.

Limited scope reviews

There will be limited scope for firms who are commissioning an audit of their Solvency and Financial Condition Report (SFCR). This limited scope will consist of obtaining some key data and details on assumptions to incorporate into the market wide review. If you are undertaking an audit of your SFCR we request that you to write to us, by no later than 3 February 2017 confirming who will be conducting the audit and the timing of this so that we can incorporate this into the quality assurance project plan.

If you have recently undertaken a review and recommend exercise or any form of quality assurance (other than an audit) by an external, independent provider on your SCR, MCR, Solvency II balance sheet and own funds, please write to us and send us a copy of the report by no later than 3 February 2017.

Webinars

In order to introduce the process of the quality assurance reviews in more detail, we will be jointly hosting two webinars with PwC that will last for approximately one hour each. These will be held on 7 February 2017 at 10am (CET) and 9 February 2017 at 11am (CET). We would recommend that all solvency II contacts, and one executive director within the organisation attend one of the webinars as it will form the foundation of the information requirements for the review.

Please can you confirm, by email to Monika Samtani msamtani@fsc.gi the names and email addresses of individuals attending the Webinar and which session they will join.

We look forward to hearing from you.

Yours faithfully

Joe Perdoni
Head of Prudential
Regulatory Operations