



INSURANCE ACT 2008

INSURANCE (INCORPORATED CELL COMPANIES) REGULATIONS 2011

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INSURANCE ACT 2008

INSURANCE (INCORPORATED CELL COMPANIES) REGULATIONS 2011

Laid before Tynwald

21st June 2011

Coming into operation in accordance with regulation 2 (being 23rd June 2011)

The Insurance and Pensions Authority, after consulting with the Treasury and such other organisations and persons as appear to it to be likely to be affected by them, makes these Regulations under sections 6, 12, 14, 23, 47 and 50 of and Schedule 7 to the Insurance Act 2008¹.

1 Title

These Regulations are the Insurance (Incorporated Cell Companies) Regulations 2011.

2 Commencement

These Regulations come into operation on the same day that the Incorporated Cells Regulations 2011² come into operation.

3 Interpretation

In these Regulations —

"the 1931 legislation" and "the 2006 legislation" each have the same meaning as in the ICC Act;

¹ 2008 c.16

² SD 387/11

"authorised insurer" and "insurance manager" each have the same meaning as in the Insurance Act.

"IC" and "ICC" have the same meanings as in the ICC Act;

"the ICC Act" means the Incorporated Cell Companies Act 2010³;

"the Insurance Act" means the Insurance Act 2008;

"the principal Regulations" means the Insurance Regulations 1986⁴.

4 Application of these Regulations

The principal Regulations apply to ICCs and ICs which are authorised insurers, as modified by these Regulations.

5 Provisional authorisation of an ICC or an IC

(1) Persons intending —

(a) to form an ICC or an IC, or

(b) to convert a company which is not an ICC or an IC, or convert a PCC, into an ICC or an IC,

may apply to the Supervisor for provisional authorisation for the ICC or IC, as the case may be, to carry on insurance business of a category specified in the application.

(2) An application for provisional authorisation shall be —

(a) made in the form set out in Part I of Schedule 1; and

(b) accompanied by the documents and information specified in Part II of Schedule 1.

(3) The Supervisor shall not grant a provisional authorisation in respect of an ICC or an IC, as the case may be, if it appears to him that, on its formation or conversion, he would be required by section 7 of the Insurance Act to refuse to authorise it under section 8 of that Act.

(4) A provisional authorisation in respect of an ICC or an IC, as applicable, shall not of itself authorise the ICC or IC, when formed or converted, to carry on insurance business, but shall indicate, for the purpose of section 7(2), 21(4) or 22(4) of the ICC Act, as applicable, that the ICC or IC will (as the case may be), when formed or converted, be so authorised.

(5) In relation to every application for provisional authorisation, the Supervisor shall —

(a) provisionally authorise the applicant in writing; or

³ 2010 c.13

⁴ GC 319/86

- (b) refuse the application.
- (6) A provisional authorisation under paragraph (5) shall, subject to there being no material change in the information provided to the Supervisor in connection with the application, be valid for a period of 3 months from the date such authorisation is granted, or such other period as the Supervisor may specify.

6 Applications for authorisation

An application under section 6 of the Insurance Act relating to an ICC or an IC shall be —

- (a) made in the form set out in Part I of Schedule 2; and
- (b) accompanied by the documents and information specified in Part II of Schedule 2.

7 Solvency requirement

- (1) So far as section 12 of the Insurance Act applies to an IC which is neither—
 - (a) carrying on any insurance business activity, nor
 - (b) exposed to any liability under a contract of a kind referred to in the definition of "insurance business" in section 54(1) of that Act,the margin of solvency required by section 12 of that Act is that its assets must exceed its liabilities (as shown in either case by its audited non-consolidated and non-combined balance sheet).
- (2) Regulation 13 of and Schedule 7 to the principal Regulations do not apply to an IC referred to in paragraph (1).

8 Accounting requirements for 2006 Act ICCs and ICs

- (1) This regulation applies to ICCs and ICs incorporated under the 2006 legislation.
- (2) Subject to paragraph (4), an ICC must, not later than 18 months after its incorporation and subsequently once at least in every calendar year prepare in relation to itself —
 - (a) a separate profit and loss account or, in the case of an ICC not trading for profit, an income and expenditure account for the period, in the case of the first account, since the incorporation of the ICC, and, in any other case, since the preceding account, made up to a date not earlier than the date when the accounts are prepared by more than 6 months; and

- (b) a balance sheet as at the date to which the profit and loss account or the income and expenditure account, as the case may be, is made up.
- (3) Subject to paragraph (4), an ICC must, not later than 18 months after the incorporation of an IC of the ICC and subsequently once at least in every calendar year prepare in relation to the IC —
 - (a) a separate profit and loss account or, in the case of an IC not trading for profit, an income and expenditure account for the period, in the case of the first account, since the incorporation of the IC, and, in any other case, since the preceding account, made up to a date not earlier than the date when the accounts are prepared by more than 6 months; and
 - (b) a balance sheet as at the date to which the profit and loss account or the income and expenditure account, as the case may be, is made up.
- (4) The Supervisor, if for any reason he thinks fit so to do, may in relation to any ICC or IC vary the requirement under paragraph (2)(a) or 3(a), as applicable, for accounts to be prepared in each calendar year, provided that the accounting period does not exceed 18 months.

9 Election to combine accounts

- (1) Where an IC has made an election under —
 - (a) in the case of an IC incorporated under the 1931 legislation, paragraph 3(3) of Schedule 1 to the ICC Act; or
 - (b) in the case of an IC incorporated under the 2006 legislation, paragraph 2(2) of Schedule 3 to the Incorporated Cells Regulations 2011,

regulations 7, 8, 9 and 11 of the principal Regulations shall not apply to the financial statements of the IC prepared in accordance with that election.
- (2) Where an election made in accordance with paragraph (1) includes the combining of —
 - (a) in the case of an ICC incorporated under the 1931 legislation, the annual accounts; or
 - (b) in the case of an ICC incorporated under the 2006 legislation, the financial statements,

of the ICC and one or more of its ICs, regulations 7, 8, 9 and 11 of the principal Regulations shall not apply to the financial statements of the ICC prepared in accordance with that election.

10 Combined revenue account

- (1) This regulation applies to a combined revenue account of 2 or more ICs, or an ICC and one or more ICs, prepared in accordance with an election referred to in regulation 9.
- (2) Where the account relates to general business which is accounted for on an annual basis, it shall be in the form set out in Part I of Schedule 3 and shall comply with the requirements of that Part.
- (3) Where the account relates to general business which is accounted for on a fund basis, it shall be in the form set out in Part II of Schedule 3 and shall comply with the requirements of that Part.
- (4) Subject to paragraph (5), where the account relates to long-term business, it shall be in the form set out in Part III of Schedule 3 and shall comply with the requirements of that Part.
- (5) Where more than one long-term business fund is maintained, a separate account in the form set out in Part III of Schedule 3 shall be prepared in respect of each such fund.

11 Combined profit and loss or income and expenditure account

- (1) This regulation applies to a combined profit and loss account or income and expenditure account of 2 or more ICs, or an ICC and one or more ICs, prepared in accordance with an election referred to in regulation 9.
- (2)
 - (a) Subject to paragraphs (b) and (c), the profit and loss account shall be prepared in the form set out in Part I of Schedule 4 and shall comply with the requirements of that Part.
 - (b) In the case of combined accounts of ICs (or an ICC and one or more ICs) not carrying on business for profit, the income and expenditure account shall be prepared in the form set out in Part II of Schedule 4 and shall comply with the requirements of that Part.
 - (c) In respect of the individual accounts of ICs (or an ICC and one or more ICs) to be combined, an account falling under paragraph (a) and an account falling under paragraph (b) may not be combined.

12 Combined balance sheet

- (1) This regulation applies to a combined balance sheet of 2 or more ICs, or an ICC and one or more ICs, prepared in accordance with an election referred to in regulation 9.
- (2) Paragraph (3) is subject to paragraph (4).

- (3)
 - (a) Subject to paragraphs (b) and (c), the balance sheet shall be in the form set out in Part I of Schedule 5 and shall comply with the requirements of that Part.
 - (b) In the case of combined balance sheets of ICs (or an ICC and one or more ICs) not carrying on business for profit, the balance sheet shall be in the form set out in Part II of Schedule 5 and shall comply with the requirements of that Part.
 - (c) In respect of the individual balance sheets of ICs (or an ICC and one or more ICs) to be combined, a balance sheet falling under paragraph (a) and a balance sheet falling under paragraph (b) may not be combined.
- (4) If any of the bodies to whom the balance sheet relates carries on long-term business, there shall be annexed to the balance sheet a separate balance sheet for the long-term business fund of that body in the form set out in Part III of Schedule 5 which shall comply with the requirements of that Part.

13 Combined supplementary information, certificates and reports

Where an IC has made an election referred to in regulation 9, regulation 11 of the principal Regulations shall apply to the bodies to whom the combined accounts and balance sheet relate with the substitution, for references to Schedule 6 to the principal Regulations, of references to Schedule 6 to these Regulations.

14 Combined calculation of solvency margin

- (1) Where an IC has made an election referred to in regulation 9, regulation 13 of the principal Regulations shall apply to the bodies to which the combined accounts and balance sheet relate with the substitution for regulation 13(3) of the principal Regulations of paragraph (2).
- (2) Calculation of the solvency margin shall be in the manner specified in Schedule 7 to these Regulations.

15 Appointment of auditor

- (1) Where an IC has made an election —
 - (a) in the case of an IC incorporated under the 1931 legislation, under paragraph 7 of Schedule 1 to the ICC Act; or
 - (b) in the case of an IC incorporated under the 2006 legislation, under paragraph 4 of Schedule 3 to the Incorporated Cells Regulations 2011,as applicable, section 15 of the Insurance Act shall not apply to the IC.

- (2) Where section 15 of the Insurance Act does not apply to an IC under paragraph (1), that section shall instead apply to the ICC in relation to the auditor of the IC.

16 Exemption from requirement to register as an insurance manager

An ICC is exempted from the requirement under section 23 of the Insurance Act to be registered in the register of insurance managers in so far as it provides management services for one or more of its ICs.

17 Notification of possible striking off

- (1) If a person to whom this regulation applies becomes aware of any act or omission, or the happening of any event, as a result of which an ICC may be struck off the register of companies, that person must forthwith notify the Supervisor of the act, omission or event; or forthwith make such enquiries as are necessary to be satisfied that the Supervisor has been so notified.
- (2) Any person to whom this regulation applies and who fails to comply with paragraph (1) is guilty of an offence and is liable on summary conviction to a fine not exceeding £5,000.
- (3) This regulation applies to any controller, director or chief executive of –
- (a) the ICC; and
 - (b) any IC of the ICC.

18 Register of authorised insurers

The register of authorised insurers required to be kept under section 48 of the Insurance Act shall contain the following particulars, in addition to those specified in Schedule 8 to the principal Regulations –

- (a) in respect of an ICC, the name of each of its ICs; and
- (b) in respect of an IC, the name of its ICC.

19 Amendment of the Insurance Fees Regulations 2010

The Insurance Fees Regulations 2010⁵ shall be amended in accordance with Schedule 8.

⁵ SD 111/10

Regulation 5

SCHEDULE 1

PART I

Application form for provisional authorisation to carry on an insurance business

To the Supervisor

(State name of the proposed company, herein "the company", for which a provisional authorisation is required.)

On behalf of the company I hereby apply for the grant of provisional authority to carry on an insurance business under Section 8 of the Insurance Act 2008 (as modified by regulation 5 of the Insurance (Incorporated Cell Companies) Regulations 2011) for the Class or Classes of insurance stated herein.

It is proposed that the company will, when incorporated, be an [Incorporated Cell Company*] / [Incorporated Cell of the Incorporated Cell Company:

_____ *]

(State name of the ICC or proposed ICC if applicable)

I declare that the information given in accordance with the Appendix hereto, Part II of this Schedule and otherwise in relation to this application is correct to the best of my knowledge and belief.

Date _____

Signed _____

(State in full the name and address of the Applicant and the capacity in which he makes the application)

Note: The Supervisor may request further information or documents in the course of considering this application.

* - Delete or include as appropriate

APPENDIX

1. Will the company be subject to an election to combine accounts in accordance with regulation 9?

.....

2. Where the answer to 1 is YES, please provide details of the other companies / proposed companies that will be party to the election.

.....

PART II

Supplementary documents and information to accompany applications

1. A completed questionnaire in the form set out in the Appendix to Part I of Schedule 1 to the principal Regulations.
2. Supplementary documents and information as set out in the Part II of Schedule 1 to the principal Regulations.

Regulation 6

SCHEDULE 2

PART I

Application form (following provisional authorisation) for authorisation to carry on insurance business

To the Supervisor

(State name of the company, herein "the company", for which authorisation is required)

On behalf of the company, and further to the application for provisional authority to carry on an insurance business dated _____, I hereby apply for the grant of authority to carry on an insurance business under Section 8 of the Insurance Act 2008 within insurance business Class(es) _____.
(State the class number(s) applied for)

The company is an [Incorporated Cell Company*] / [Incorporated Cell of the Incorporated Cell Company: _____*]
(State name of the ICC if applicable)

I declare that the information given in accordance with Part II of this Schedule and otherwise in relation to this application is correct to the best of my knowledge and belief.

Date _____ Signed _____

(State in full the name and address of the Applicant and the capacity in which he makes the application)

Note: The Supervisor may request further information or documents in the course of considering this application.

* - Delete or include as appropriate

PART II

Supplementary documents and information to accompany applications

1. The company's certificate of incorporation or, if applicable, certificate of conversion.
2. As applicable, either —
 - (a) a description of any material changes or events that have occurred subsequent to completion of the provisional application or were otherwise not included within it; or
 - (b) a statement that there are no such changes.

Regulation 10

SCHEDULE 3

PART I

GENERAL BUSINESS REVENUE ACCOUNT

(for business accounted for on an annual basis)

	ICC	IC 1	IC 2	IC 3
Premiums				
Gross premiums receivable	X	X	X	X
Reinsurance premiums payable	(X)	(X)	(X)	(X)
Net premiums written	X	X	X	X
(Increase) /decrease in unearned premiums	(X)	X	X	(X)
	X	X	X	X
(Increase)/decrease in provision for unexpired risks	X	(X)	X	(X)
Claims				
* Gross	(X)	(X)	(X)	(X)
* Recoverable from reinsurers	X	X	X	X
	(X)	(X)	(X)	(X)
Commission and Expenses				
Commission payable	(X)	(X)	(X)	(X)
Expenses	(X)	(X)	(X)	(X)
	(X)	(X)	(X)	(X)
Commission receivable	X	X	X	X
(Increase)/decrease in deferred acquisition costs	(X)	X	(X)	(X)
Underwriting profit/(loss)	X	X	(X)	X
Attributable investment return	X	(X)	X	-
Insurance profit/(loss)	X	X	(X)	X

NOTES

1. Corresponding figures to be given for preceding accounting period.
2. Items which are marked with an asterisk may be disclosed by way of note.
3. The inclusion in this statement of part of the investment return is optional (see Note 2 to Part 1 of Schedule 4).
4. Where an item is nil in both the period and the preceding period, the relevant heading may be omitted.

PART II

GENERAL BUSINESS FUND

(for business accounted for on a fund basis)

	ICC	IC 1	IC 2	IC 3
Fund brought forward	X	X	X	X
Premiums				
Gross premiums received	X	X	X	X
Reinsurance premiums paid	(X)	(X)	(X)	(X)
	X	X	X	X
Attributable investment return	X	(X)	-	X
	X	X	X	X
Claims				
* Gross	(X)	(X)	(X)	(X)
* Recoverable from reinsurers	X	X	X	X
	(X)	(X)	(X)	(X)
Commissions and expenses				
Commissions paid	(X)	(X)	(X)	(X)
Expenses	(X)	(X)	(X)	(X)
	(X)	(X)	(X)	(X)
Commission received	X	X	X	X
	(X)	(X)	(X)	(X)
Transfer (to)/from Profit and Loss Account	(X)	X	X	(X)
Fund carried forward	X	X	X	X

NOTES:

1. Corresponding figures to be given for preceding accounting period.
2. Items which are marked with an asterisk may be disclosed by way of note.
3. The inclusion in this statement of part of the investment return is optional (see Note 2 to Part 1 of Schedule 4).
4. Profit should not be transferred to Profit and Loss Account except from the closing underwriting years.

Transfers should be made from Profit and Loss Account to cover any anticipated deficiencies in respect of open underwriting years.

5. Where premiums are received net of commission because of market practice, such premiums may be shown net of commission in this statement.
6. Where an item is nil in both the period and the preceding period, the relevant heading may be omitted.

PART III

LONG-TERM BUSINESS FUND

	ICC	IC 1	IC 2	IC 3
Fund brought forward	X	X	X	X
Premiums				
Gross premiums receivable	X	X	X	X
Reinsurance premiums payable	(X)	(X)	(X)	(X)
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
	X	X	X	X
Investment return				
Investment income	X	X	X	X
Gains/(losses) on investments	(X)	X	X	X
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
	X	X	X	X
Benefits				
* Benefits payable	(X)	(X)	(X)	(X)
* Recoverable from reinsurers	X	X	X	X
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
	(X)	(X)	(X)	(X)
Commission and Expenses				
Commission payable	(X)	(X)	(X)	(X)
Expenses	(X)	(X)	(X)	(X)
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
	(X)	(X)	(X)	(X)
Commission receivable	X	X	X	X
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
	(X)	(X)	(X)	(X)
Taxation	(X)	(X)	(X)	(X)
Transfer (to)/from profit and loss account	X	(X)	(X)	X
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Fund carried forward	X	X	X	X

NOTES:

1. Corresponding figures to be given for preceding accounting period.
2. Items which are marked with an asterisk may be disclosed by way of note.
3. Where an item is nil in both the period and the preceding period, the relevant heading may be omitted.

Regulation 11**SCHEDULE 4****PART I****PROFIT AND LOSS ACCOUNT**

	ICC	IC 1	IC 2	IC 3
Transfer from/(to) insurance accounts				
General business revenue account	X	X	(X)	X
General business fund	X	(X)	(X)	X
Long-term business fund	(X)	X	X	(X)
	(X)	(X)	(X)	(X)
Investment return (excluding long-term business):				
Investment income	X	X	X	X
Gains/(losses) on investments				
Realised	X	(X)	X	(X)
Unrealised	(X)	(X)	X	X
	X	(X)	X	X
Allocated to general business revenue account	(X)	X	(X)	-
Allocated to general business fund	(X)	X	-	(X)
	(X)	X	(X)	(X)
Differences on exchange	X	X	X	(X)
	X	X	(X)	(X)
Loan interest payable	(X)	(X)	(X)	(X)
Other expenses	(X)	(X)	(X)	(X)
	(X)	(X)	(X)	(X)
Profit/(loss) before taxation	X	(X)	X	X
Taxation	(X)	(X)	(X)	(X)
Profit/(loss) after taxation	X	(X)	X	X
Dividends paid and proposed	(X)	-	-	(X)
Retained profit/(loss)	X	(X)	X	X

NOTES:

1 Corresponding figures to be given for preceding accounting period.

2. Total realised gains/(losses) on investments may be included either in the Profit and Loss Account or as a movement on reserves. Where realised gains/(losses) on investments are included in the Profit and Loss Account, total unrealised gains/(losses) on investments may also be included in the Profit and Loss Account (otherwise they are to be shown as a movement on reserves). If realised/unrealised investment gains/(losses) are included in the profit and loss account, the whole or any part of such gains/(losses) may, at the company's option, be allocated to the general business revenue account or fund. Realised/unrealised gains/(losses) shown as a movement on reserves are not to be allocated to the general business revenue account or fund.
3. Unrealised differences on exchange may be included wholly or partly in the Profit and Loss Account or as movement on the revaluation reserve.
4. Where an item is nil in both the period and the preceding period, the relevant heading may be omitted.

PART II

INCOME AND EXPENDITURE ACCOUNT (For Mutual Association carrying on General Business)

	ICC	IC 1	IC 2	IC 3
Premiums /contributions				
Advance premiums/contributions receivable from members	X	X	X	X
Supplementary premiums/contributions receivable from members	X	X	X	X
	X	X	X	X
Reinsurance premiums payable	(X)	(X)	(X)	(X)
	X	X	X	X
Investment return				
Investment income	X	X	X	X
Gains/(losses) on investments				
Realised	(X)	X	X	X
Unrealised	X	X	(X)	X
	X	X	X	X
Claims				
*Claims paid	(X)	(X)	(X)	(X)
*Recoverable from reinsurers	X	X	X	X
	(X)	(X)	(X)	(X)
Expenses	(X)	(X)	(X)	(X)
Differences on exchange	(X)	X	(X)	(X)
Other items (to be specified)	(X)	(X)	(X)	(X)
	(X)	(X)	(X)	(X)
Transfer to reserves	(X)	(X)	(X)	(X)
Transfer (to)/from fund available for outstanding and unreported claims	X	(X)	(X)	X

NOTES:

1. Corresponding figures to be given for preceding accounting period.
2. Items which are marked with an asterisk may be disclosed by way of note.
3. Unrealised investment gains may be taken directly to reserves.
4. Inrealised differences on exchange may be included wholly or partly in the income and expenditure account or as a movement on the revaluation reserve.
5. Where there are nil items, the relevant heading may be omitted.

Regulation 12

SCHEDULE 5

PART I

BALANCE SHEET

	ICC	IC 1	IC 2	IC 3
Tangible fixed assets	X	X	X	X
Investments in related entities	X	X	X	X
Other investments				
* Property	X	X	X	X
* Fixed interest securities	X	X	X	X
* Deposits, loans and mortgages	X	X	X	X
* Ordinary shares and unit trusts	X	X	X	X
* Other investments	X	X	X	X
	<hr/>	<hr/>	<hr/>	<hr/>
	X	X	X	X
Other assets				
Deposits with reinsurers	X	X	X	X
Amounts withheld by ceding companies	X	X	X	X
Other insurance debtors	X	X	X	X
Bank balances and cash	X	X	X	X
Miscellaneous	X	X	X	X
	<hr/>	<hr/>	<hr/>	<hr/>
	X	X	X	X
General business insurance provisions and funds				
Unearned premiums	(X)	(X)	(X)	(X)
Deferred acquisition costs	X	X	X	X
	<hr/>	<hr/>	<hr/>	<hr/>
	(X)	(X)	(X)	(X)
Unexpired risks	(X)	(X)	(X)	(X)
Claims (including IBNR)	(X)	(X)	(X)	(X)
General business fund	(X)	(X)	(X)	(X)
	<hr/>	<hr/>	<hr/>	<hr/>
	(X)	(X)	(X)	(X)
Other liabilities				
Deposits by ceding insurers	(X)	(X)	(X)	(X)
Amounts withheld from reinsurers	(X)	(X)	(X)	(X)
Other insurance creditors	(X)	(X)	(X)	(X)
Bank loans and overdrafts	(X)	(X)	(X)	(X)
Taxation	(X)	(X)	(X)	(X)
Proposed dividend	(X)	(X)	(X)	(X)
Miscellaneous	(X)	(X)	(X)	(X)
	<hr/>	<hr/>	<hr/>	<hr/>
	(X)	(X)	(X)	(X)
Net assets attributable to long-term business fund	X	X	X	X
	<hr/>	<hr/>	<hr/>	<hr/>
	X	X	X	X
Representing:				
Share capital	X	X	X	X
Share premium account	X	X	X	X
Revaluation reserve	X	X	X	X
Distributable reserve	X	X	X	X
	<hr/>	<hr/>	<hr/>	<hr/>
Shareholders' funds	X	X	X	X
Long-term business fund	X	X	X	X
	<hr/>	<hr/>	<hr/>	<hr/>
	X	X	X	X

NOTES:

1. Corresponding figures to be given for preceding accounting period.
2. Items which are marked with an asterisk may be disclosed by way of note.
3. Where there are nil items in both the period and the preceding period, the relevant heading may be omitted.

PART II

BALANCE SHEET

(Mutual Association carrying on General Business)

	ICC	IC 1	IC 2	IC 3
Tangible fixed assets	X	X	X	X
Investments in related entities	X	X	X	X
Other investments				
* Property	X	X	X	X
* Fixed interest securities	X	X	X	X
* Deposits, loans and mortgages	X	X	X	X
* Ordinary shares and unit trusts	X	X	X	X
* Other investments	X	X	X	X
	<hr/>	<hr/>	<hr/>	<hr/>
	X	X	X	X
Other assets				
Accounts due from members	X	X	X	X
Deposits with reinsurers	X	X	X	X
Other insurance debtors	X	X	X	X
Bank balances and cash	X	X	X	X
Miscellaneous	X	X	X	X
	<hr/>	<hr/>	<hr/>	<hr/>
	X	X	X	X
	<hr/>	<hr/>	<hr/>	<hr/>
	X	X	X	X
Liabilities				
Amounts due to members	(X)	(X)	(X)	(X)
Amounts withheld from reinsurers	(X)	(X)	(X)	(X)
Other insurance creditors	(X)	(X)	(X)	(X)
Bank loans and overdrafts	(X)	(X)	(X)	(X)
Miscellaneous	(X)	(X)	(X)	(X)
	<hr/>	<hr/>	<hr/>	<hr/>
	(X)	(X)	(X)	(X)
	<hr/>	<hr/>	<hr/>	<hr/>
	X	X	X	X
Representing:				
Guarantee fund	X	X	X	X
Reserves	X	X	X	X
Fund available for outstanding and unreported claims	X	X	X	X
	<hr/>	<hr/>	<hr/>	<hr/>
	X	X	X	X
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES:

1. Corresponding figures to be given for preceding accounting period.
2. Items which are marked with an asterisk may be disclosed by way of note.
3. Where there are nil items in both the period and the preceding period, the relevant heading may be omitted.

PART III

LONG TERM BUSINESS FUND BALANCE SHEET

	ICC	IC 1	IC 2	IC 3
Tangible fixed assets	X	X	X	X
Investments in related entities	X	X	X	X
Other investments				
* Property	X	X	X	X
* Fixed interest securities	X	X	X	X
* Deposits, loans and mortgages	X	X	X	X
* Ordinary shares and unit trusts	X	X	X	X
* Other investments	X	X	X	X
	<hr/>	<hr/>	<hr/>	<hr/>
	X	X	X	X
Other assets				
Deposits with reassurers	X	X	X	X
Other insurance debtors	X	X	X	X
Bank balances and cash	X	X	X	X
Miscellaneous	X	X	X	X
	<hr/>	<hr/>	<hr/>	<hr/>
	X	X	X	X
	<hr/>	<hr/>	<hr/>	<hr/>
	X	X	X	X
Liabilities				
Deposits by ceding assurers	(X)	(X)	(X)	(X)
Other insurance creditors	(X)	(X)	(X)	(X)
Bank loans and overdrafts	(X)	(X)	(X)	(X)
Taxation	(X)	(X)	(X)	(X)
Miscellaneous	(X)	(X)	(X)	(X)
	<hr/>	<hr/>	<hr/>	<hr/>
	(X)	(X)	(X)	(X)
Net assets	<hr/>	<hr/>	<hr/>	<hr/>
	X	X	X	X
Representing long-term business fund	<hr/>	<hr/>	<hr/>	<hr/>
	X	X	X	X

NOTES:

1. Corresponding figures to be given for preceding accounting period.
2. Items which are marked with an asterisk may be disclosed by way of note.
3. Where there are nil items in both the period and the preceding period, the relevant heading may be omitted.

PART I

SUPPLEMENTARY INFORMATION

The following shall be provided in respect of each IC and, where applicable, the ICC.

General Business

1. Analysis of Revenue Account or Fund Account (if not separately identified in audited accounts) between;
 - (a) marine, aviation and transport (class 3);
 - (b) motor (class 5);
 - (c) liability (class 7); and
 - (d) other classes.

2. Schedule of maximum retentions, net of reinsurance, any one risk or event each and every class of business, based on:
 - (a) policy limits;
 - (b) estimated maximum loss (if applicable).

3. Summary of reinsurance business ceded or retroceded, stating for each Class of insurance and/or contract:
 - (a) type of reinsurance cover;
 - (b) threshold and limit any one risk/any one event and in aggregate;
 - (c) basis of premium payable and commission receivable;
 - (d) names of reinsurers writing individually (or together with associated companies) 10% or more of any treaty or more than 5% of the total amount of premiums ceded.

4. (1) Claims settlement analysis by year of origin (gross) for:
 - (a) motor (class 5);
 - (b) liability (class 7):
 - (i) employers' liability and workman's compensation;
 - (ii) public liability and products' liability;
 - (iii) any other insurance that is mainly liability:-
(to be specified)

- (2) The analysis shall indicate the development of each underwriting year at the end of each financial year of reported claims outstanding and of provisions for claims incurred but not reported.

- (3) The analysis shall indicate the development and settlement of any claim (or number of claims from the same event) which exceeds 20% of the adjusted net assets, as determined by the calculation of solvency margin.
5. If a letter of credit or a guarantee has been or will be issued in support of the business either directly or indirectly, the following information must be supplied for each such security:
- (a) beneficiary;
 - (b) issued by;
 - (c) to cost of;
 - (d) amount of credit or guarantee;
 - (e) in respect of;
 - (f) whether adjustable and, if so, when;
 - (g) term of notice;
 - (h) restrictions on drawing rights;
 - (i) other material terms or conditions.
6. Details of any material change, made or projected, in the information provided under 2 or 3 above subsequent to the financial year end, or confirmation that no material change has been made or is projected for the current financial year.

Restricted Long-term Business

1. Analysis of premiums receivable (in Fund Account) net of reinsurance between the following classes:
- (a) Life/annuity/pension contracts - linked:
 - (i) single premium;
 - (ii) regular premium;
 - (b) Life/annuity/pension contracts - non-linked:
 - (i) single premium;
 - (ii) regular premium;
 - (c) Permanent health/disability;
 - (d) Other (to be specified).
2. Maximum retention by class of contract net of reinsurance.
3. The actuarial valuation of liabilities by class of contract net of reinsurance.

Long-term Business (Other than Restricted)

1. Analysis of new business premiums receivable (in Long-term Business Fund) both gross and net of reinsurance under contracts within each class of business categorised by reference to type of product.
2. Where under this Schedule information is produced which relates to a period to which an existing 3 year business plan applies, a comparison of new business premiums receivable, long-term business fund, profit and loss account, long-term business fund balance sheet and balance sheet with the projections given in that business plan. Over-runs in initial expenses, renewal expenses and all other material differences shall be explained.
3. A 3 year business plan containing the same information as is specified in paragraph 12(b) of the Guidance Notes issued by the Authority on the 1st November 1990. The new plan shall have effect from the date of the annual accounts.
Where there are material differences between the new plan and any existing business plan in respect of any period for which both plans provide, those differences shall be explained.
4. A statement of the value of assets in the long-term business fund categorised by reference to the following categories of assets:
 - (a) British Government stocks,
 - (b) Overseas Government bonds,
 - (c) other fixed interest stocks listed on an investment exchange,
 - (d) shares listed on the International Stock Exchange of the United Kingdom and the Republic of Ireland,
 - (e) shares listed on any other investment exchange,
 - (f) stocks, shares and other securities not listed on any investment exchange,
 - (g) land,
 - (h) cash and deposits,
 - (i) futures and options contracts,
 - (j) other investments.
5. Maximum retention by type of product net of reinsurance.

General, Restricted Long-term Business and Long-term Business (Other than Restricted)

A statement of the solvency margin of the ICC or IC, as applicable, in the form contained in Schedule 7 to these Regulations.

PART II

DIRECTORS' CERTIFICATE

The following certificate shall be provided in respect of each IC and, where applicable, the ICC (herein, as applicable, the "company" or "companies").

Separate certificates must be provided for each such company and each certificate must state the name of the company to which it relates. However, in cases where individual directors are duly authorised to do so, they may provide a certificate in relation to more than one company (a "combined certificate"). Any combined certificate must state the name of each company to which it relates.

Any information provided for the purposes of completing a combined certificate, where the information does not relate to all of the companies included in that certificate, must specify the company, or companies, to which the information relates.

DIRECTORS' CERTIFICATE

This certificate has been prepared in respect of[†]

We certify that:

1. The above named company/each of the above named companies* complied with the requirements of the Insurance Act 2008, the Insurance Regulations 1986 and the Insurance (Incorporated Cell Companies) Regulations 2011 during the financial year ended:

Company name

Year ended

_____	_____
_____	_____
_____	_____

2. In respect of the above named company/each of the above named companies*, the Supplementary Information submitted with the audited accounts for that year/those respective years* (other than the actuarial valuation of liabilities by class of contract net of reinsurance) has/have* been compiled in accordance with

the Insurance Regulations 1986 and the Insurance (Incorporated Cell Companies) Regulations 2011.

3. The excess of adjusted net assets (calculated in accordance with the Insurance Regulations 1986, as amended by regulation 14 of the Insurance (Incorporated Cell Companies) Regulations 2011) over the required minimum margin of solvency at the end of that year/those respective years* was/were* as follows:

Company name	Excess over required minimum margin
_____	_____
_____	_____
_____	_____

4. As at the end of that year/those respective years * no charge had been made on the assets of the above named company/any of the above named companies* to secure the liabilities of any other person (except as stated in notes to the annual accounts*) and there has been no charge since that date/those dates*.
5. There was no material change in the share ownership or share structure of the above named company/any of the above named companies* during that year/those respective years* (apart from the change notified to the Supervisor in writing on _____*).

Director

Director

Date

† List the name(s) of the company or companies to which the certificate or combined certificate (as the case may be) relates.

* Delete or include as appropriate.

PART III

ACTUARY'S REPORT

The following report shall be provided in respect of each IC and, where applicable, the ICC, for which an actuary's report is required (herein, as applicable, the "company" or "companies").

Separate reports must be provided for each such company and each report must state the name of the company to which it relates. However, in cases where an actuary is in a position to do so, the actuary may provide a report in relation to more than one company (a "combined report"). Any combined report must state the name of each company to which it relates.

Any information provided for the purposes of completing a combined report, where the information does not relate to all of the companies included in that report, must specify the company, or companies, to which the information relates.

(For the avoidance of doubt, a combined report in no way permits the consolidation of valuations for any 2 or more companies as these must remain separate for each company.)

ACTUARY'S REPORT

This report has been prepared in respect of^t

To the Supervisor

I/We have examined the information furnished pursuant to regulation 11 of the Insurance Regulations 1986 (as modified by regulation 13 of the Insurance (Incorporated Cell Companies) Regulations 2011) in respect of the year(s)/period(s) ended.

With the exception of any revised business plan, for the above named company/each of the above named companies*, in my/our opinion the information correctly reflects:

- (i) the actuarial valuation of long-term business liabilities by class of contract; and
- (ii) the amount of the quantified actuarial surplus in the long-term business fund.

Where a revised business plan is submitted I/we:

- (iii) consider the financing of the above named company/each of the above named companies* to be sufficient to cover both technical reserves and the required margin of solvency during the next three financial years; and
- (iv) agree with the information provided in the business plan in respect of the above named company/each of the above named companies* in so far as it relates to long-term business.

Date

Signed

Qualification

† List the name(s) of the company or companies to which the report or combined report (as the case may be) relates.

* Delete or include as appropriate.

PART IV

AUDITORS' REPORT

The following report shall be provided in respect of each IC and, where applicable, the ICC (herein, as applicable, the "company" or "companies").

Separate reports must be provided for each such company and each report must state the name of the company to which it relates. However, in cases where an auditor is in a position to do so, the auditor may provide a report in relation to more than one company (a "combined report"). Any combined report must state the name of each company to which it relates.

Any information provided for the purposes of completing a combined report, where the information does not relate to all of the companies included in that report, must specify the company, or companies, to which the information relates.

AUDITORS' REPORT

This report has been prepared in respect of[†]

To the Supervisor

We have examined the information furnished pursuant to regulation 11 of the Insurance Regulations 1986 (as modified by regulation 13 of the Insurance (Incorporated Cell Companies) Regulations 2011) in respect of the above named company/each of the above named companies*.

In respect of the above named company/each of the above named companies*, in our opinion and according to the information and explanations we have received:

- (i) all of the information prescribed in regulation 11 of the Insurance Regulations 1986 (as modified by regulation 13 of the Insurance (Incorporated Cell Companies) Regulations 2011) as is relevant to the business carried on by the company (other than the revised three year business plan for long term business, if applicable, and the actuarial valuation of class of contract net of reinsurance) has been properly prepared; and
- (ii) it was reasonable for the directors giving the certificate under regulation 11(b) of the Insurance Regulations 1986 (as so modified) to have made the statements thereon contained in paragraphs 2, 3 and 4.

Date

Signed

Qualification

† List the name(s) of the company or companies to which the report or combined report (as the case may be) relates.

* Delete or include as appropriate.

Regulation 14

SCHEDULE 7

CALCULATION OF SOLVENCY MARGINS

1. The solvency margin of insurers to which regulation 14 applies shall be calculated in the manner specified in the following table:-

CALCULATION OF SOLVENCY MARGINS

A - SHAREHOLDERS' FUNDS AND GENERAL BUSINESS

	ICC	IC 1	IC 2	IC 3
Shareholders' funds as shown by audited (non-consolidated) balance sheet (note i)	X	X	X	X
Undisclosed reserves included in:				
Provision for claims	X	X	X	X
General business fund	X	X	X	X
	<hr/>	<hr/>	<hr/>	<hr/>
	X	X	X	X
Adjustment of assets to market value (note ii)	X	X	X	X
Secondary capital (note iii)	X	X	X	X
	<hr/>	<hr/>	<hr/>	<hr/>
	X	X	X	X
Adjustments on restatement of assets in accordance with Part II of Schedule 7 to the Insurance Regulations 1986				
1. Investments (other than land and buildings)	(X)	(X)	(X)	(X)
2. Land and Buildings	(X)	(X)	(X)	(X)
3. Other tangible assets	(X)	(X)	(X)	(X)
4. Assets subject to charge	(X)	(X)	(X)	(X)
5. Intangible assets	(X)	(X)	(X)	(X)
6. Deferred acquisition costs	(X)	(X)	(X)	(X)
7. Debts	(X)	(X)	(X)	(X)
8. Unpaid share capital	X	X	X	X
9. Letters of credit and guarantees (note iv)	X	X	X	X
	<hr/>	<hr/>	<hr/>	<hr/>
	X	X	X	X
Adjusted net assets	<hr/>	<hr/>	<hr/>	<hr/>
	X	X	X	X
Required minimum margin for general business (note v)	(X)	(X)	(X)	(X)
Excess / (deficiency) over/under required minimum margin	<hr/>	<hr/>	<hr/>	<hr/>
	X	(X)	(X)	X

B - LONG-TERM BUSINESS

	ICC	IC 1	IC 2	IC 3
Quantified actuarial surplus in long-term business fund (note vi)	X	X	X	X
Surplus from Section A (note vii)	X	X	X	X
Required minimum margin for long-term business (note v)	X	X	X	X
Excess / (deficiency) over/under required minimum margin	X	X	(X)	(X)

NOTES:

- (i) In the application of this Part to mutual associations, references to “shareholders' funds” and “general business insurance provisions and funds” shall be construed as references to “the sum of the guarantee fund and the reserves” and “the fund available for outstanding and unreported claims” respectively.
- (ii) Where investments or land and buildings are stated in the shareholders' accounts at an amount less than market value, an adjustment to market value may be included in the calculation of adjusted net assets for solvency margin purposes (subject to any restriction on admissibility in accordance with Part II of Schedule 7 to the Insurance Regulations 1986).
- (iii) “Secondary capital” is a financial liability approved and treated in accordance with paragraph 7 of Part II of Schedule 7 to the Insurance Regulations 1986.
- (iv) Issuing body to be specified.
- (v) Detail of calculation to be shown.
- (vi) As certified by the actuary to the insurer.
- (vii) The amount to be entered at this line will, in the case of a company not writing general business, be the amount of the net assets of the company (excluding those attributed to the long-term fund) adjusted in accordance with Part II of Schedule 7 to the Insurance Regulations 1986.

Regulation 19

SCHEDULE 8

AMENDMENT TO THE INSURANCE FEES REGULATIONS 2010

After Regulation 10 of the Insurance Fees Regulations 2010, insert —

“11. Incorporated Cell Companies – insurance

- (1) Subject to paragraph (3), the following fees are prescribed for the purposes of section 47(1)(a) and (c) of the Insurance Act in respect of ICCs and ICs —

<i>Subject matter</i>	<i>ICC</i>	<i>IC</i>
Application for provisional authorisation	nil	nil
Application for authorisation	£2,000	£1,000
Annual fee:		
(a) if authorised to carry on insurance business within classes 1 and 2	£17,500	£17,500
(b) in any other case	£4,250	2% of net written premium, subject to minimum of £500 and maximum of £4,250

- (2) The annual fee is payable on 6 April in each year.
- (3) An ICC which is an authorised insurer but does not carry on an insurance business is exempt from the annual fees specified in paragraph (1).”.

EXPLANATORY NOTE

(This note is not part of the Regulations.)

These Regulations make special provision under the Insurance Act 2008 for incorporated cell companies (ICCs) and incorporated cells (ICs).

The promoters of an ICC or IC may apply for "provisional authorisation", which may be used as evidence that it will be authorised to carry on insurance business when incorporated or converted (regulation 5). Forms are prescribed for subsequent, full authorisation of ICCs and ICs (regulation 6).

Special solvency requirements are prescribed for inactive ICs that have no liabilities in relation to insurance (regulation 7). ICCs and ICs incorporated under the Companies Act 2006 are required to prepare accounts and submit annual returns to the Supervisor within a prescribed timeframe (regulation 8). Special combined accounting, supplementary information, certification and reporting rules apply to ICCs and ICs (regulations 9 to 14). An IC is exempted from the requirement to appoint an auditor where its ICC is responsible for the appointment (regulation 15).

An ICC acting on behalf of its ICs in the normal course of business is not required to register as an insurance manager (regulation 16). The Supervisor must be notified of circumstances which may lead to the striking off of an ICC (regulation 17). Modifications are made to the information required to be held in the Register of Authorised Insurers (regulation 18).

Application fees and annual fees in respect of ICCs and ICs are prescribed (regulation 19).