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Statutory Document No. 552/04

INSURANCE ACT 1986

INSURANCE (LIMITED PARTNERSHIPS) REGULATIONS 2004

Laid before Tynwald 2004
Coming into operation 1st August 2004

In exercise of the powers conferred on the Insurance and Pensions Authority by sections 5(a) and 32 of, and Schedule 4 to, the Insurance Act 1986^(a), and of all other enabling powers, and having consulted Treasury, and such other organisations and persons as appear to it to be likely to be affected, the following Regulations are made:-

Citation, commencement and application

1. (1) These regulations may be cited as the Insurance (Limited Partnerships) Regulations 2004 and shall come into operation on 1st August 2004.

(2) These regulations apply in respect of insurers that are limited partnerships and where the provisions of these regulations apply the equivalent provisions in the Insurance Regulations 1986^(b) shall not apply in respect of this insurer.

Interpretation

2. In these Regulations -

“the Act” means the Insurance Act 1986;

“the Regulations” means the Insurance Regulations 1986;

“Isle of Man Limited Partnership” means a limited partnership formed under the Partnership Act 1909^(c), and “limited partnership” shall be construed accordingly;

Price £2.20 ^(a) 1986 c.24 (as amended by 2004 c.3) ^(b) G.C. 319/86 ^(c) 1909 VII p.327

“partnership agreement” in relation to a limited partnership, means any agreement express or implied between the members of the limited partnership which determines the mutual rights and duties of the members, and their rights and duties in relation to the limited partnership.

Prescribed persons

3. There is prescribed for the purposes of section 5(a) of the Act an Isle of Man Limited Partnership.

Application of the Insurance Act 1986

4. The Act shall apply to Isle of Man Limited Partnerships with such exceptions, adaptations and modifications as are specified in Schedule 1.

Application of the 1986 Regulations

5. The Insurance Regulations 1986 shall apply to an Isle of Man Limited Partnership with such exceptions, adaptations and modifications as are specified in Schedule 2.

SCHEDULE 1

**EXCEPTIONS, ADAPTATIONS AND MODIFICATIONS SUBJECT TO WHICH
THE INSURANCE ACT 1986 APPLIES TO CERTAIN LIMITED PARTNERSHIPS**

1 For section 5(b) of the Act, substitute –

“(b) does not satisfy the Supervisor that the partners and, where partners are bodies corporate, the controllers (if any), directors, chief executive (if any) of each of the partners of the applicant are fit and proper persons; or”.

2 In section 12(2) of the Act, for “board of directors” substitute “general partner”.

3 For section 17(6) of the Act, substitute –

“(6) Where the authorised insurer is a limited partnership and is unable or fails to submit a scheme which is acceptable to the Supervisor, the insurer shall be deemed for the purposes of section 37(a) of the Partnership Act 1909, to be capable of only being carried on at a loss.”. [VII p.327]

4 For section 18 of the Act, substitute –

“An authorised insurer, or any general partner of an authorised insurer that is a limited partnership, shall not carry on any activities, in the Island or elsewhere, otherwise than in connection with or for the purpose of its insurance business.”.

5 For sections 20(1), 20(2) and 20(3) of the Act substitute -

“(1) No authorised insurer shall appoint a person as general partner (or director or chief executive of a general partner), limited partner (or director of a limited partner), chief executive, auditor or manager of that insurer, nor shall a person become controller of, or insurance manager for, an authorised insurer, nor shall a person become the controller of a general partner, unless a written notice containing such particulars as may be prescribed is served on the Supervisor by –

- (a) in the case of a general partner (or director or chief executive of a general partner), limited partner (or director of a limited partner), chief executive, auditor or manager, the insurer; or
- (b) in the case of a controller or insurance manager, the proposed controller or manager

not less than 28 days before the event or such shorter period as the Supervisor may agree in writing.

(2) If it appears to the Supervisor that any individual is not a fit and proper person –

- (a) to be appointed as a general partner (or director or chief executive of a general partner), limited partner (or director of a limited partner), chief executive, auditor or insurance manager; or
- or
- (b) to become a controller or insurance manager; or
- (c) to become a controller of a general partner,

of an authorised insurer or an authorised insurer of any specified description, the Supervisor may direct that the individual shall not, without the written

consent of the Supervisor, be appointed as such a general partner (or director or chief executive of a general partner), limited partner (or director of a limited partner), chief executive, auditor or manager nor become such a controller or insurance manager.

- (3) If it appears to the Supervisor that any –
- (a) general partner (or director or chief executive of a general partner), limited partner (or director of a limited partner), chief executive, auditor or manager; or
 - (b) controller or insurance manager; or
 - (c) controller of a general partner,
- of an authorised insurer or an authorised insurer of any specified description, is not a fit and proper person to continue as such, the Supervisor may direct that the individual shall not, without the written consent of the Supervisor, continue as such a general partner (or director or chief executive of a general partner), limited partner (or director of a limited partner), chief executive, auditor, manager, insurance manager or controller.”.

6 For section 20(8) of the Act substitute –

“In this section –

“manager” means (except in relation to references to an insurance manager) an individual employed by the insurer concerned who, under the immediate authority of a general partner (or director or chief executive of a general partner), limited partner (or director of a limited partner) or chief executive -

- (a) exercises managerial functions; or
- (b) is responsible for maintaining the accounts or other records of the insurer.”.

7 After section 21(5) of the Act, insert –

“(6) For the purpose of this section and sections 22 to 22(F) “insurer” includes, where the insurer is a limited partnership, the partners.”.

8 After section 22G(1)(a) of the Act insert –

“(aa) where the insurer is a limited partnership, the general partner;”.

9 For section 22G(2) of the Act, substitute –

“(2) If a penalty is imposed under subsection (1) and the Supervisor considers that the relevant contravention was caused or permitted by a partner, controller, director, chief executive of any of the partners of the person on whom the penalty is imposed, the Supervisor may in addition impose a penalty of such amount as the Supervisor considers appropriate on a partner, controller, director, or chief executive of any of the partners or the controller of the insurer.”.

10 In section 31 of the Act, after subsection (2) insert –

“(3) Where an offence under this Act committed by a limited partnership is proved to have been committed with the consent or connivance of, or to be attributable to neglect on the part of a general partner of the partnership or a

director, manager, secretary or other similar officer of the general partner or a person who was purporting to act in such a capacity, he, as well as the limited partnership, is guilty of the offence and liable to be proceeded against and punished accordingly.

(4) Where the affairs of a body corporate are managed by its members, subsection (2) applies in relation to the acts and defaults of a member in connection with his functions of management as if he were a director of the body corporate.

(5) For the purposes of this section, “body corporate” includes a limited liability company constituted under the Limited Liability Companies Act 1996 and, in relation to such a company, any reference to a director, or other officer of a body corporate is a reference to a member and to the company’s manager and registered agent.”. [c.19]

11 For paragraph 1(2) of Schedule 3 to the Act, substitute –

“In this schedule “insurance company” includes an insurer that is a limited partnership and “company” shall be construed accordingly.”

12 In paragraph 12L of Schedule 4 to the Act (as amended) replace “board of directors, individual directors and chief executives” with –

“partners and controllers (if any), directors and chief executive (if any) of the partners and committees of partners”.

13 In section 34 of the Act insert the following definition after the definition of “director”-

“general partner” means a person who is a member of a partnership who has unlimited personal liability for the debts of the partnership;”.

14 In section 34 of the Act insert the following definition after the definition of “insurer”

“ “Isle of Man Limited Partnership” means a limited partnership formed under the Partnership Act 1909 and “limited partnership” shall be construed accordingly;

“limited partner” means a person who is a member of a partnership and who has personal liability limited to the amount of his investment;”.

15 In section 34 of the Act, in the definition of “controller” insert –

“ in the case of an insurer that is a limited partnership, paragraphs (a) to (d) shall have effect as if the words “authorised insurer” included a reference to a limited partner and a general partner of the insurer;”.

16 In section 34 of the Act, in part (d) the definition of “associate”, insert after “if that person”-

“, or one or more of that person’s partners,”.

SCHEDULE 2

MODIFICATIONS OF 1986 REGULATIONS

- 1 For regulation 11(b) substitute –

“a certificate in the form set out in Part II of Schedule 6 shall be attached to the information referred to in paragraph (a) and signed by the general partner, and”.
- 2 For regulation 11(d) substitute –

“an auditors report on the Supplementary Information and Financial Certificate shall be given by the insurer’s auditors in the form set out in Part IV of Schedule 6.”.
- 3 In Schedule 1 Part 1 to the Regulations replace “(State the name of the company (or proposed company) for which a licence is required)” with –

“State the name of the business (or proposed business) for which a licence is required”.

4. For the Appendix to schedule 1 substitute -

“APPENDIX

1. Name of Business _____

2. Address of registered office _____

3. Business address _____

4. Date, place and number of Registration _____

5. Amount of capital investment _____

6. Amount contributed by each partner _____

7. Give details of any letter of credit to be issued in support of the initial financing requirement _____

8. State the amount by which the assets of the business exceed its liabilities (including all contingent or proposed liabilities, but not those in respect of capital) _____

9. State who are the partners and if the partners are bodies corporate state who holds (a) the legal interest and (b) the ultimate beneficial interest in the shares of those partners _____

10. If the partners are bodies corporate state whether the partners have a parent, and if so, give the name and country of incorporation of the ultimate holding company and any intermediate holding company _____

20. State, in respect of each of the Partners and Directors of partners (if any), the following particulars:-

(a) Name

.....

(b) Private address

.....

(c) Nationality

.....

(d) Insurance experience

.....

(e) Other business experience

.....

(f) Professional qualifications

.....

In addition state particulars of all previous changes in the name or nationality of each of the Partners and Directors of partners (if any)

.....

.....

.....

21. Where the applicant's activities are to be managed by another company, give details

.....

22. State particulars of any association which exists or which is proposed to exist between the Partners or Directors of partners and any person who acts or will act as an insurance broker, agent, loss adjuster or reinsurer for the insurer or as an underwriting agent referred to in the information given under 19 above

.....

23. State the number of staff the applicant proposes to employ in the Isle of Man in the next three years, and the estimated annual costs thereof.

.....

24. State the name and address of the applicant's:

(a) Auditors

.....

(b) Appointed Actuary (if applicable)

.....

(c) Advocates

.....

(d) Bankers.".

.....

5. For Part II of Schedule 1 substitute –

“PART II

Supplementary documents and information to accompany applications

1. A questionnaire in the form set out in Schedule 2, completed by every individual who is or will be, Partner, Chief Executive or Manager of the applicant, or Director, Controller or Chief Executive of a Partner of the applicant.
2. A copy of the Partnership Agreement of the applicant.
3. A 3 year Business Plan containing:-
 - (a) projected Revenue or Fund Account(s), Profit and Loss account and Balance Sheet giving details as required in the prescribed formats;
 - (b) in the case of an insurer intending to carry out long term business, an estimate of new business premium volumes and a projected profit profile for each type of product;
 - (c) a cash flow projection; and
 - (d) a statement of the principal assumptions on which the business plan has been prepared
4. Confirmation by the Auditors that they:-
 - (a) have accepted, or are prepared to accept, appointment.
 - (b) carry Professional Indemnity insurance for not less than £10 million, and
 - (c) consider the information provided in respect of the Business Plan to have been properly prepared on the basis of the assumptions made by the Partners or Directors of partners of the applicant.
5. If the applicant is to carry on long-term business confirmation by the Actuary that he:-
 - (a) has accepted, or is prepared to accept, appointment and is qualified to do so;
 - (b) considers the financing of the insurer to be sufficient to cover both technical reserves and the required margin of solvency during the first three financial years following authorisation, and
 - (c) agrees with the information provided in the Business Plan in so far as it relates to long-term business.
6. A copy (or draft) of any inwards reinsurance contract, binding authority or agency agreement that has been (will be) entered into.
7. A copy (or draft) of any agreement with persons (other than employees) who will manage the business of the applicant.”.

6. For Schedule 2 substitute –

“SCHEDULE 2

Particulars of Partners, Chief Executives and Managers of the Applicant, and Directors, Controllers and Chief Executives of Partners of the Applicant

If insufficient space is provided, please attach a separate sheet of paper.

1. Name of business in connection with which this questionnaire is being completed.	
2. Surname Forename(s) Any previous name(s) by which you have been known.	<hr/> <hr/>
3. Are you completing this questionnaire as a Partner, Chief Executive or Manager of the Applicant, or a Director, Controller or Chief Executive of a Partner of the Applicant (See Note on page 3 of Schedule 2).	
4. Private Address.	
5. Previous private addresses during the last seven years.	
6. Place and date of Birth.	
7. Nationality and former nationality.	
8. Present occupation or employment and occupations and employment during the last ten years, including the name of the employer, the nature of the business, the position held and relevant dates.	
9. Name any bodies corporate and the countries in which they are registered: (a) of which you are now a Director, Controller or Manager. (b) of which you have been a Director, Controller or Manager at any time during the last ten years.	<hr/> <hr/>

<p>10. Professional qualifications and year in which they were obtained.</p>	
<p>11. Have you at any time been convicted of any offence (other than (a) an offence committed when you were under the age of 18 years unless the same was committed within the last ten years, or (b) an offence in connection with the use or ownership of a motor vehicle which was tried in a court of summary jurisdiction) by any court, whether civil or military? If so, give full particulars of the court by which you were convicted, the offence and the penalty imposed and the date of conviction.</p>	
<p>12. Have you been censured, disciplined or criticised by any professional body to which you belong or belonged or have you ever held a practising certificate subject to conditions? If so, give full particulars.</p>	
<p>13. Have you, or any body corporate, partnership or unincorporated institution with which you are, or have been associated as a Partner, Director, Controller or Manager, been the subject of an investigation by a governmental, professional or other regulatory body? If so, give full particulars.</p>	
<p>14. Have you been dismissed from any office or employment or barred from entry to any profession or occupation? If so, give full particulars.</p>	
<p>15. Have you been adjudicated bankrupt by a court? If so, give full particulars.</p>	
<p>16. Have you failed to satisfy any debt adjudged due and payable by you as a judgment-debtor under an order of a court? If so, give full particulars.</p>	

<p>17. Have you, in connection with the formation or management of any body corporate, partnership or unincorporated institution been adjudged by a court civilly liable for any fraud, misfeasance or other misconduct by you towards such a body or company or towards any members thereof? If so, give full particulars.</p>	
<p>18. Has any body corporate, partnership or unincorporated institution with which you were associated as a Partner, Director, Controller or Manager been compulsorily wound up or made any compromise or arrangement with its creditors or ceased trading in circumstances where its creditors did not receive or have not yet received full settlement of their claims, either while you were associated with it or within one year after you ceased to be associated with it? If so, give full particulars.</p>	
<p>19. In carrying out your duties will you be acting on the directions or instructions of any other person? If so, please give full particulars.</p>	
<p>20. Provide the name and address of two persons who can provide references appropriate to your profession and who have known of your business activities over the last 5 years or more.</p>	

I certify that the above information is complete and correct to the best of my knowledge and belief.

I became a Partner/Chief Executive/Manager of _____
(institution referred to in question 1) on _____ (date)

Signed _____ Date _____

And/or

I became a Director/Controller/Chief Executive of _____
a body corporate which is limited/general partner for _____
(institution referred to in question 1) on _____ (date)

Signed _____ Date _____

NOTE

Partners, Directors, Controllers and Managers:

The term "Controller" should be taken to include a person, whether an individual or a body corporate, in accordance with whose directions or instructions any of the Directors of a company are accustomed to act or who, either alone or with associates, is entitled to exercise control of one third or more of the voting power at any general meeting of the company or its parent. Where a controller is a body corporate, the Insurance Supervisor may wish to look through that body to the ultimate controller or controllers from whom appropriate information as described above may be sought.

"Manager" is more narrowly defined as applying only to a person who under the immediate authority of a director or chief executive either exercises managerial functions or is responsible for maintaining accounts or other records.

"Partner" is an individual or body corporate that is a limited or general partner of the applicant.

Applicants that are in doubt about whether they need to supply details of particular individuals should consult the Insurance Supervisor."

7. In Schedule 4 for Part I substitute –

“SCHEDULE 4

PART I

PROFIT & LOSS ACCOUNT

(For Limited Partnership)

Transfer from/(to) insurance accounts		
General business revenue account		X
General business fund		X
Long-term business fund		X
		<hr/>
		X
Investment return (excluding long-term business):		
Investment income	X	
Gains/(losses) on investments		
Realised	X	
Unrealised	X	
	<hr/>	
	X	
Allocated to general business revenue account	(X)	
Allocated to general business fund	(X)	
	<hr/>	
		X
		<hr/>
		X
Differences on exchange		X
Loan interest payable	(X)	
Other expenses	(X)	
	<hr/>	
		(X)
Profit/(loss)		<hr/>
		X
Income distributed to partners	(X)	
Return of capital to partners	(X)	
	<hr/>	
		(X)
Retained profit/(loss)		<hr/>
		X

NOTES:

1. Corresponding figures to be given for preceding accounting period.
2. Where an item is nil in both the period and the preceding period, the relevant heading may be omitted.”.

8. In Schedule 5 for Part I substitute -

“SCHEDULE 5

PART I

BALANCE SHEET
(For Limited Partnership)

Tangible fixed assets		X
Investments in associated companies		X
Other investments		
* Property	X	
* Fixed interest securities	X	
* Deposits, loans and mortgages	X	
* Ordinary shares and unit trusts	X	
* Other investments	X	
	<hr/>	X
Other assets		
Deposits with reinsurers	X	
Amounts withheld by ceding companies	X	
Other insurance debtors	X	
Bank balances and cash	X	
Miscellaneous	X	
	<hr/>	X
		<hr/>
		X
General business insurance provisions and funds		
Unearned premiums	(X)	
Deferred acquisition costs	X	
	<hr/>	(X)
Unexpired risks	(X)	
Claims (including claims incurred but not reported)	(X)	
General business fund	(X)	
	<hr/>	(X)
Other liabilities		
Deposits by ceding insurers	(X)	
Amounts withheld from reinsurers	(X)	
Other insurance creditors	(X)	
Bank loans and overdrafts	(X)	
Miscellaneous	(X)	
	<hr/>	(X)
		<hr/>
		X
Net assets attributable to long-term business fund		<hr/>
		X
Representing		
General partner's capital account		X
Limited partners' capital accounts		X
		<hr/>
Total partners' interests		X
Long-term business fund		X
		<hr/>
		X
		<hr/>
		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.”.

9. In Schedule 6 for Part II substitute –

“PART II

FINANCIAL CERTIFICATE

We certify that:

1. The Authorised Insurer complied with the requirements of the Insurance Act 1986 and the Insurance Regulations 1986 during the financial year ended ().
2. The Supplementary Information submitted with the audited accounts for that year (other than the actuarial valuation of liabilities by class of contract net of reinsurance) has been compiled in accordance with the Insurance Regulations 1986.
3. The excess of adjusted net assets (calculated in accordance with the Insurance Regulations 1986) over the required minimum margin of solvency at the end of that year was £
4. As at the end of that year no charge had been made on the assets of the Authorised Insurer 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.
5. There was no material change in the ownership or structure of the Authorised Insurer during that year (apart from the change notified to the Insurance Supervisor in writing on *).
6. For an insurer carrying on class 1 or 2 business except when carried on as restricted business under class 12, the insurer has installed systems sufficient to satisfy the requirements of, and has complied with the requirements of the Common Trading Practices for Isle of Man Insurers (Guidance Notes on the Prevention of Money Laundering).

Partner/Director of Partner

Partner/Director of Partner

Date

* Delete or include as appropriate”.

10. In Schedule 6, for Part IV substitute –

“PART IV

AUDITORS' REPORT

To the Insurance Supervisor

We have examined the information furnished pursuant to regulation 11 of the Insurance Regulations 1986.

In our opinion and according to the information and explanations we have received:

- (i) all of the information prescribed in regulation 11 of, and Schedule 6 to, those Regulations as is relevant to the business carried on by the Authorised Insurer (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 persons giving the certificate under regulation 11 (b) of the Insurance Regulations 1986 to have made the statements thereon contained in paragraphs 2, 3, 4 and, for an insurer carrying on class 1 or 2 business except when carried on as restricted business under class 12, 6.

Date

Signed

Qualification”.

11. In Schedule 7, for Parts I and II and III, substitute –

“SCHEDULE 7

PART I

SOLVENCY MARGINS

1. (1) The minimum margin of solvency of an insurer to carry on:–
 - (a) long-term business within Classes 1 and 2 shall be either £500,000 or the sum produced by applying the following percentages to the actuarial value of liabilities to policyholders net of reinsurance:–
 - (i) ¼% for business within Class 1; and
 - (ii) 1% for business within Class 2,whichever is the greater;
 - (b) general business within Classes 3 to 9 shall be 15% of net premiums written, or £150,000, whichever is the greater;
 - (c) reinsurance business within Classes 10 and 11 shall be £100,000;
 - (d) general business within Class 12 shall be £50,000 plus:–
 - (i) 10% of net premiums written up to 2 million pounds; and
 - (ii) 5% of net premiums written in excess of 2 million pounds;
 - (e) long-term business within Class 12 shall be £100,000;
 - (f) both long-term and general business within Class 12 shall be the sum of the solvency margins required under paragraphs (d) and (e) above.
 - (2) Where an authorised insurer carries on more than one category of business, the minimum solvency margin shall be the sum of the solvency margins required for each category carried on.
2. In paragraph 1:–

“net premiums written” means the premium income receivable in the insurer’s last preceding financial year net of reinsurance and reduced by any rebates or refunds, but where an insurer has not completed its first financial year, the net premiums written shall be taken to be the amount stated in its application for authorisation as the maximum aggregate net premiums which will be written in the first year.

PART II

ADMISSIBILITY OF ASSETS

1. In this Part:–

“the aggregated funds” means the sum of the partners’ capital and the general business insurance provisions and funds as shown by the balance sheet prepared in accordance with Regulation 9;

“approved investments” means:–

- (a) any investments which are issued or guaranteed by:–
 - (i) the Government of the Island;
 - (ii) the Government of the United Kingdom;
- (b) Treasury Bills, Tax Reserve Certificates, or Certificates of Tax Deposit, United Kingdom National Savings Income bonds and fixed interest securities issued by any local authority in the Island or the United Kingdom;
- (c) any dated investment which is listed on a recognised exchange and which is issued by the Government of:–
 - (i) the United States of America;
 - (ii) any Member State of the European Community; or
- (d) any dated investment which is listed on a recognised exchange and which is issued by any other Government or organisation if the Supervisor has confirmed in writing that investments issued by such Government or organisation are acceptable to him either in general or on a case by case basis;

“associate” includes, without prejudice to section 34 of the Act, the controller of any of the insurer’s partners and the insurance manager of the insurer;

“investments” includes securities;

“partners’ capital” means the capital contributed by the partners as shown by the balance sheet prepared in accordance with Regulation 9;

“recognised exchange” means any investment exchange that is acceptable to the Supervisor.

2. (1) Subject to sub-paragraph (2), an asset subject to a third party charge shall be admissible only to the extent that it exceeds the amount outstanding under the charge.

(2) Sub-paragraph (1) shall not apply in respect of an asset subject to a third party charge where that charge only secures a liability which arises out of an arrangement under which the third party agrees to guarantee the payment of any claim made under a contract of insurance effected by the insurer.

(3) In this paragraph, “asset subject to a third party charge” means an asset of an insurer which is subject to any mortgage, charge, lien or other arrangement (including any arrangement whereby any premiums paid to, or assets of, the insurer are held in trust) to secure a liability of a third party.

3. For the purposes of entry B of paragraph 6, the calculations shall be based upon:–

- (a) valuations by independent professional valuers made within the period of 3 years immediately preceding the balance sheet date; or
- (b) the purchase price, if the land or buildings were purchased in an arms length transaction within that period.

4. An asset falling within entry C of paragraph 5 shall not be admissible for the purposes of calculating the solvency margin of the insurer if it is leased by the insurer or is subject to a hire purchase or conditional sale agreement or any financial arrangement under which the property in the asset is not vested in the insurer.
5. (1) Where an insurer holds any units in an acceptable scheme, then, for the purposes of calculating the solvency margin of that insurer, the holding may be treated as a holding of the property of the scheme (other than any part of such property which is not attributable to the units) in proportion to the number of units in the scheme held by the insurer.

(2) For the purposes of sub-paragraph (1), an “acceptable scheme” is a collective investment scheme which the Supervisor has confirmed in writing is acceptable to him.

(3) Expressions used in this paragraph have the same meaning as in the Financial Supervision Act 1988^(c).
6. Subject to the provisions of this Part, the assets, other than assets attributable to long-term business, described in column 1 of the following table shall not be admissible for the purposes of calculating the solvency margin of an insurer to the extent specified in column 2:—

TABLE

	ASSETS	AMOUNT NOT ADMISSIBLE
A.	Investments (other than land and buildings)	
	(a) Approved investments:	in respect of each holding, the amount in excess of 20% of the aggregated funds.
	(b) Other investments listed on a recognised exchange:	in respect of each holding, the amount in excess of 10% of the aggregated funds.
	(c) Investments (other than those falling within head (b)) in, or amounts owing by any associate of the insurer:	the aggregate amount in excess of 25% of the partners’ capital.
	(d) Any other unlisted investments:	the aggregate amount in excess of 10% of the partners’ capital.
B.	Land and buildings	
	(a) All land and buildings (including those falling within head (b)):	the aggregate amount in excess of 25% of the aggregated funds
	(b) Land and buildings occupied by the insurer or an associate of the insurer:	the aggregate amount in excess of 10% of the partners’ capital.
C.	Tangible fixed assets (other than those described elsewhere in this Table):	the aggregate amount in excess of 10% of the partners’ capital.
D.	Intangible fixed assets:	not admissible.

(c) 1988 c.16.

- E. Deferred acquisition costs: the aggregate amount in excess of 20% of the unearned premium provision as shown by the balance sheet prepared in accordance with regulation 9.
- F. Debts (other than those falling within entry A or paragraph 6) which have been outstanding, whether due or not, for more than 12 months at the balance sheet date: not admissible.
7. Subject to the provisions of this Part, the assets, other than assets attributable to long-term business, described in column 1 of the following table shall be admissible for the purposes of calculating the solvency margin of an insurer to the extent specified in column 2:—

TABLE

ASSETS	AMOUNT NOT ADMISSIBLE
Letters of credit or a guarantee from a bank or other institution acceptable to the Supervisor and in a form approved by him:	the amount required by the Supervisor to provide for exceptional circumstances.”.

PART III

CALCULATION OF SOLVENCY MARGIN

1. The solvency margin of an insurer shall be calculated in the manner specified in the following table:-

CALCULATION OF SOLVENCY MARGIN

A - SHAREHOLDERS' FUNDS AND GENERAL BUSINESS

Partners' capital as shown by audited (non-consolidated)

balance sheet		X
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Undisclosed reserves included in:

Provision for claims	X	
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General business fund	X	
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	X	
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Adjustment of assets to market value (note i)		X
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	X	
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Adjustments on restatement of assets in accordance with Part II of Schedule 7

1. Investments (other than land and buildings)	(X)	
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2. Land and Buildings	(X)	
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3. Other tangible assets	(X)	
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4. Assets subject to charge	(X)	
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5. Intangible assets	(X)	
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6. Deferred acquisition costs	(X)	
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7. Debts	(X)	
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8. Letters of credit and guarantees (note ii)	X	
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	(X)	
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Adjusted net assets		X
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Required minimum margin for general business (note iii)		(X)
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Excess over required minimum margin		X
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B - LONG-TERM BUSINESS

Quantified actuarial surplus in long-term business fund (note iv)		X
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Surplus from Section A (note v)		X
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	X	
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Required minimum margin for long-term business (note iii)		(X)
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Excess over required minimum margin		X
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NOTES:

- (i) Where investments or land and buildings are stated in the insurer's 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).
- (ii) Issuing body to be specified.
- (iii) Detail of calculation to be shown.
- (iv) As certified by the actuary to the insurer.
- (v) The amount to be entered at this line will, in the case of an insurer not writing general business, be the amount of the net assets of the insurer (excluding those attributed to the long-term fund) adjusted in accordance with Part II of Schedule 7."

Made 22nd July 2004

Chairman,
Insurance and Pensions Authority

EXPLANATORY NOTE
(This note is not part of the Regulations)

These Regulations give full effect to the changes made by section 19 of the Insurance (Amendment) Act 2004 whereby entities other than companies formed under the Companies Acts 1931 to 2004 can be authorised to carry on insurance business if they are of a class specified in regulations.

The Regulations specify that limited partnerships formed under the Partnership Act 1909 (an Act of Tynwald) may be authorised to carry on insurance business.

The intention of the Regulations is to mirror as closely as possible the Insurance Regulations currently in force under the Insurance Act 1986 in a way that is appropriate and consistent with the different structure of a limited partnership.