



# INSURANCE (SOLVENCY) (AMENDMENT) REGULATIONS 2012

## Index

Regulation	Page
1 Title .....	3
2 Commencement .....	3
3 Amendment to the Insurance Regulations 1986.....	3
4 Amendment to the Insurance (Limited Partnerships) Regulations 2004.....	5
5 Amendment to the Insurance (Protected Cell Companies) Regulations 2004 .....	7



Statutory Document No. 0294/12

*Insurance Act 2008*

## INSURANCE (SOLVENCY) (AMENDMENT) REGULATIONS 2012

*Laid before Tynwald:* -  
*Coming into Operation:* 30 June 2012

The Insurance and Pensions Authority, having consulted the Treasury and such other organisations and persons as appear to it to be likely to be affected, makes the following Regulations under section 50 of the Insurance Act 2008<sup>1</sup>.

### 1 Title

These Regulations are the Insurance (Solvency) (Amendment) Regulations 2012.

### 2 Commencement

These Regulations come into operation on 30 June 2012.

### 3 Amendment to the Insurance Regulations 1986<sup>2</sup>

(1) The Insurance Regulations 1986 are amended as follows.

(2) After regulation 22 (saving), add —

23 Transitional provisions for Insurance (Solvency) (Amendment) Regulations 2012

(1) This regulation applies for an existing loan approval if, on 30 June 2012, the relevant insurer does not comply with the amended criteria.

*Note: The new loan provisions came into operation on 30 June 2012.*

(2) Subject to subsections (3) to (5), the following apply despite the noncompliance —

(a) the approval continues in force for, and is fully admissible under, the new loan provisions;

<sup>1</sup> 2008 c.16

<sup>2</sup> GC 319/86 (as amended)

Price £2.30

- (b) the approval may be amended, renewed or revoked under the old loan provisions; and
- (c) the amendment, renewal or revocation has effect for the new loan provisions.
- (3) If, at any time after 30 June 2012, the approval does comply with the amended criteria, subsection (2) ceases to apply and the new loan provisions apply for the insurer.
- (4) The continuation of the approval is subject to all of its conditions in force immediately before 30 June 2012.
- (5) The Supervisor may, at any time, amend or revoke any of the conditions in a way that is consistent with the new loan provisions.
- (6) In this section —
- “amended criteria” means the criteria under paragraph 6A(2) of Part II (admissibility of assets and secondary capital) of Schedule 7;
- “existing loan approval”, for an insurer, means an approval (in whatever form) under the old loan provisions, in force immediately before 30 June 2012;
- “new loan provisions” means entry C to the table in paragraph 6 and paragraph 6A of Part II of Schedule 7 as in operation from 30 June 2012; and
- “old loan provision” means entry C to the table in paragraph 6 of Part II of Schedule 7 as in operation before 30 June 2012. **22**.
- (3) For entry C to the table in paragraph 6 of Part II (admissibility of assets and secondary capital) of Schedule 7, substitute —
- |              |   |      |
|--------------|---|------|
| <b>23</b> C. | Loan amounts owing from an associate of the insurer, if the criteria under paragraph 6A are complied with for the loan. <b>22</b> . | 100% |
|--------------|---|------|
- (4) After paragraph 6 of Part II (admissibility of assets and secondary capital) of Schedule 7, add —
- 24**6A. Criteria for admitting associate loans
- (1) This section states the criteria for admitting loans under entry C to the table in paragraph 6.
- (2) Generally, the criteria (the “general admittance criteria”) are that all of the insurer’s unexpired risks under contracts of insurance it has written are only either or both of the following —

- (a) obligations under direct insurance contracts under which all insured are related companies of the insurer (“related insured”), or were so when the contracts were entered into; or
  - (b) obligations under reinsurance contracts for which all insured under the underlying direct insurance contracts are related companies of the insurer (also “related insured”), or were so when the underlying contracts were entered into.
- (3) However if, at any time since its establishment, the insurer has undergone a controller change (voting power), the criteria, in addition to the general admittance criteria, are —
- (a) that all or some of the insurer’s unexpired risks under contracts of insurance it has written that existed prior to the change are, after the change, the insurer’s unexpired risks under contracts of insurance it has written for related insured; or
  - (b) if subparagraph (a) is not complied with, that the Supervisor has given prior written approval for the loan to be admissible under entry C.
- (4) In this paragraph, “controller change (voting power)”, means a change of controller required to be notified to the Supervisor under section 29 of the Act, but applying only to a controller corresponding with subparagraph (d) of the definition of “controller” under section 54 of the Act.
- Note: See also regulation 23 (transitional provisions for Insurance (Solvency) (Amendment) Regulations 2012). <sup>22</sup>.*

#### 4 Amendment to the Insurance (Limited Partnerships) Regulations 2004<sup>3</sup>

- (1) Paragraph 11 of Schedule 2 (modification of Schedule 7 to the Insurance Regulations 1986 in respect of an Isle of Man Limited Partnership) is amended in accordance with the following paragraphs of this regulation, and in those paragraphs a reference to a numbered item (without more) is a reference to the paragraph of Schedule 7 to the Insurance Regulations 1986 as modified by paragraph 11 of Schedule 2 to the Insurance (Limited Partnerships) Regulations 2004.
- (2) After regulation 5 (application of the 1986 Regulations) of the Insurance (Limited Partnerships) Regulations 2004, add —
  - <sup>6</sup> Transitional provisions for Insurance (Solvency) (Amendment) Regulations 2012

<sup>3</sup> SD 552/04 (as amended)

- (1) This regulation applies for an existing loan approval if, on 30 June 2012, the relevant insurer does not comply with the amended criteria.

*Note: The new loan provisions came into operation on 30 June 2012.*

- (2) Subject to subsections (3) to (5), the following apply despite the noncompliance —

- (a) the approval continues in force for, and is fully admissible under, the new loan provisions;
- (b) the approval may be amended, renewed or revoked under the old loan provisions; and
- (c) the amendment, renewal or revocation has effect for the new loan provisions.

- (3) If, at any time after 30 June 2012, the approval does comply with the amended criteria, subsection (2) ceases to apply and the new loan provisions apply for the insurer.

- (4) The continuation of the approval is subject to all of its conditions in force immediately before 30 June 2012.

- (5) The Supervisor may, at any time, amend or revoke any of the conditions in a way that is consistent with the new loan provisions

- (6) In this section —

“amended criteria” means the criteria under paragraph 7A(2) of Part II (admissibility of assets) of Schedule 7;

“existing loan approval”, for an insurer, means an approval (in whatever form) under the old loan provisions, in force immediately before 30 June 2012;

“new loan provisions” means entry B to the table in paragraph 7 and paragraph 7A of Part II of Schedule 7 as in operation from 30 June 2012; and

“old loan provision” means entry B to the table in paragraph 7 of Part II of Schedule 7 as in operation before 30 June 2012. **22**.

- (3) For entry B to the table in paragraph 7 of Part II (admissibility of assets) of Schedule 7, substitute —

<b>23</b> B.	Loan amounts owing from an associate of the insurer, if the criteria under paragraph 7A are complied with for the loan. <b>24</b> .	100%
--------------	---	------

- (4) After paragraph 7 of Part II (admissibility of assets) of Schedule 7, add —

**25** 7A. Criteria for admitting associate loans

- (1) This section states the criteria for admitting loans under entry B to the table in paragraph 7.
- (2) Generally, the criteria (the “general admittance criteria”) are that all of the insurer’s unexpired risks under contracts of insurance it has written are only either or both of the following –
  - (a) obligations under direct insurance contracts under which all insured are related companies of the insurer (“related insured”), or were so when the contracts were entered into; or
  - (b) obligations under reinsurance contracts for which all insured under the underlying direct insurance contracts are related companies of the insurer (also “related insured”), or were so when the underlying contracts were entered into.
- (3) However if, at any time since its establishment, the insurer has undergone a controller change (voting power), the criteria, in addition to the general admittance criteria, are –
  - (a) that all or some of the insurer’s unexpired risks under contracts of insurance it has written that existed prior to the change are, after the change, the insurer’s unexpired risks under contracts of insurance it has written for related insured; or
  - (b) if subparagraph (a) is not complied with, that the Supervisor has given prior written approval for the loan to be admissible under entry B.
- (5) In this paragraph, “controller change (voting power)”, means a change of controller required to be notified to the Supervisor under section 29 of the Act, but applying only to a controller corresponding with subparagraph (d) of the definition of “controller” under section 54 of the Act.  
*Note: See also regulation 6 (transitional provisions for Insurance (Solvency) (Amendment) Regulations 2012).* **21**.

## 5 Amendment to the Insurance (Protected Cell Companies) Regulations 2004<sup>4</sup>

- (1) Part II (admissibility of assets) of Schedule 6 to the Insurance (Protected Cell Companies) Regulations 2004 is amended as follows.
- (2) In paragraph 1(1) after the definition of “investments”, insert—

<sup>4</sup> SD 149/04 (as amended)

“loan amounts” refer only to amounts owing from an associate of the insurer corresponding to a loan from the insurer to that associate, and means the principle amount of the loan, accrued interest as at the balance sheet date and other applicable charges relating to the loan that are payable to the insurer;.

- (3) For subparagraph A(c) to the table in paragraph 6 of Part II (admissibility of assets) of Schedule 6, substitute —

(c)	Investments (other than those falling within head (b)) in, or amounts owing by any associate of the insurer (other than those falling within paragraph 7C):	the aggregate amount in excess of 25% of the shareholders’ funds.
-----	---	---

- (4) After entry B to the table in paragraph 7 of Part II (admissibility of assets) of Schedule 6, insert —


C.	Loan amounts owing from an associate of the insurer, if the criteria under paragraph 7A are complied with for the loan.	100%
----	---	------

- (5) After paragraph 7 of Part II (admissibility of assets) of Schedule 6, add —

7A. Criteria for admitting associate loans

- (1) This section states the criteria for admitting loans under entry C to the table in paragraph 7.
- (2) Generally, the criteria (the “general admittance criteria”) are that all of the insurer’s unexpired risks under contracts of insurance it has written are only either or both of the following —
  - (a) obligations under direct insurance contracts under which all insured are related companies of the insurer (“related insured”), or were so when the contracts were entered into; or
  - (b) obligations under reinsurance contracts for which all insured under the underlying direct insurance contracts are related companies of the insurer (also “related insured”), or were so when the underlying contracts were entered into.
- (3) However if, at any time since its establishment, the insurer has undergone a controller change (voting power), the criteria, in addition to the general admittance criteria, are —



- (a) that all or some of the insurer's unexpired risks under contracts of insurance it has written that existed prior to the change are, after the change, the insurer's unexpired risks under contracts of insurance it has written for related insured; or
  - (b) if subparagraph (a) is not complied with, that the Supervisor has given prior written approval for the loan to be admissible under entry C.
- (4) In this paragraph, "controller change (voting power)", means a change of controller required to be notified to the Supervisor under section 29 of the Act, but applying only to a controller corresponding with subparagraph (d) of the definition of "controller" under section 54 of the Act. .

MADE 24 May 2012

**P. F. PELL-HILEY**  
*Chairman, Insurance and Pensions Authority*



*EXPLANATORY NOTE*

*(This note is not part of the Regulations)*

These Regulations amend the —

- Insurance Regulations 1986;
- Insurance (Limited Partnerships) Regulations 2004; and
- Insurance (Protected Cell Companies) Regulations 2004,

(as amended).

These Regulations provide for how loans by an insurer to its associates, in certain circumstances, may be treated as fully admissible for the purposes of calculating the minimum margin of solvency of the insurer.