Isle of Man
Insurance and Pensions Authority

Consultation

Secondary Legislation in Respect of Incorporated Cell Companies

12 October 2010
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1 Introduction

The Incorporated Cell Companies Bill 2010 (“the Bill”) completed its passage through Tynwald in February 2010 and is, at the time of writing, awaiting Royal Assent. The Bill makes provision for the creation of two new types of corporate body, the Incorporated Cell Company (“ICC”) and the Incorporated Cell (“IC”).

The relationship between an ICC and its ICs is comparable in some respects to the relationship between a Protected Cell Company and its cells. The principal difference, however, is that both the ICC and each of its ICs are separately incorporated legal entities in their own right. ICCs and ICs may be incorporated under either the Companies Act 1931 (“the 1931 Act”) or the Companies Act 2006 (“the 2006 Act”). At present, under the Bill, the use of ICCs is restricted to the carrying on of insurance business, though provisions exist to extend this to include other types of business at a later date.

2 Consultative Drafts

In anticipation of the Bill receiving of Royal Assent, and its subsequent enactment as the Incorporated Cell Companies Act 2010 (“the ICC Act”) three sets of regulations have been drafted in order to bring into effect the provisions of the Bill. The Insurance and Pensions Authority is seeking views on the draft regulations from interested parties.

The three sets of draft regulations are attached as appendices to this document as follows:

- Appendix 1 - Incorporated Cells Regulations 2010
- Appendix 2 - Incorporated Cell Companies (Forms) Regulations 2010
- Appendix 3 - Insurance (Incorporated Cell Companies) Regulations 2010

The power to make regulations resides with the Treasury in respect of the former two sets of regulations and with the Insurance and Pensions Authority in respect of the latter set.

3 Summary of Provisions

3.1 Incorporated Cells Regulations 2010

The Incorporated Cells Regulations 2010 make further provision for Incorporated Cells (“ICs”) created under the Incorporated Cells Act 2010 (“the ICC Act”) which is currently awaiting Royal Assent. The Regulations are general in nature and apply to all ICs. The key features of the regulations are set out below.

At present, the use to which ICCs may be put is restricted under the ICC Act to the carrying on of insurance business. **Regulation 4** places a similar restriction on ICs such that they too may only carry on insurance business.
Regulation 5 requires that an IC created under the 1931 Act shall disclose, within all official documents, that it is an IC and the identity of its ICC.

Regulation 6 and Schedule 1 contain provisions to allow an Isle of Man incorporated IC to redomicile from, and an overseas cell to redomicile to, the Island.

Regulation 7 and Schedule 2 modify the winding up provisions contained in Part V of the 1931 Act and, as applicable, Chapter 4 of Part XIII of the 2006 Act, to allow those provisions to be applied to ICs.

Regulation 8 and Schedule 3 modify certain provisions of the 2006 Act in relation to financial statements and audit to allow those provisions to be applied to ICs. These modifications are in addition to those prescribed within Schedule 2 to the ICC Act.

3.2 Incorporated Cell Companies (Forms) Regulations 2010

The Incorporated Cell Companies (Forms) Regulations 2010 prescribe certain forms that are required under the ICC Act. The forms are required to be completed and submitted to the Companies Registry in respect of the following matters:

- Incorporation as an ICC (Schedule 1)
- Incorporation as an IC (Schedule 2)
- Conversion of company into an ICC (Schedules 3 & 4)
- Conversion of protected cell company into an ICC (Schedules 5 & 6)
- Conversion of an IC into company (Schedules 7 & 8)
- Transfer of an IC from one ICC to another (Schedule 9)
- Conversion of a company into an IC and transfer to an ICC (Schedule 10)

3.3 Insurance (Incorporated Cell Companies) Regulations 2010

The Insurance (Incorporated Cell Companies) Regulations 2010 modify certain provisions of the Insurance Regulations 1986 to allow those provisions to be applied to ICs and ICs. The key features of the regulations are set out below.

Regulation 5 and Schedule 1 introduce the concept of provisional authorisation of an ICC or IC. Under the terms of the ICC Act, an ICC cannot be incorporated (whether via initial incorporation or conversion) unless it is, or will when incorporated be, authorised to carry on insurance business. However, under the Insurance Act 2008 a prospective ICC cannot be authorised until it is incorporated. The concept of provisional authorisation establishes the fact that an ICC will carry on insurance business when incorporated, thus allowing it to be incorporated as such. The provisional authorisation process also applies to ICs.
Regulation 6 and Schedule 2 provide for the form of an application for authorisation in respect of an ICC or IC.

While the process for authorisation of an ICC or IC is split into two parts, provisional authorisation and authorisation, taken together the provisions within regulations 5 and 6 and Schedules 1 and 2 are broadly equivalent to those within the Insurance Regulations 1986.

Regulation 7 provides that an IC that is not undertaking insurance business is not required to maintain a minimum margin of solvency under section 12 of the Insurance Act, but is required to maintain positive net assets.

Regulation 8 requires ICCs and ICs incorporated under the 2006 Act to prepare accounts and to submit audited annual accounts to the Supervisor within specified timeframes. Except in relation to the ICC’s or IC’s first accounting period, accounts must be prepared in each calendar year unless that requirement is waived by the Supervisor. The accounting period is, in any case, limited to a maximum of 18 months.

Regulations 9 to 13 and Schedules 3 to 6 deal with the preparation of accounts and supplementary information in the case where an ICC and any of its ICs have elected to combine the preparation of their accounts.

Regulation 14 provides that an ICC that, acting in the normal course of its business, carries out certain functions on behalf of one or more of its ICs in accordance with the ICC Act shall not be deemed to be acting as an insurance manager.

Regulation 15 prescribes that an ICC or IC must obtain written consent from the Supervisor before any distribution or other reduction in share capital can take place.

Regulation 16 prescribes that an ICC or IC shall have a minimum of 2 directors and that all directors must be natural persons.

Regulation 17 prescribes that if a controller, director or chief executive of an ICC or any of its ICs becomes aware of a matter that might lead to the ICC being struck off the register of companies, that person must inform the supervisor forthwith.

Regulation 18 modifies, in respect of ICCs and ICs, the requirements of the Insurance Regulations 1986 that relate to the maintenance of a register of authorised insurers.

Regulation 19 and Schedule 7 prescribe application and ongoing annual fees for ICCs and ICs in respect of authorisation to carry on insurance business.
4 Policy Considerations

The 2006 Act provides a framework for the incorporation and administration of companies that is, in certain instances, less onerous than that prescribed by the Companies Acts 1931 to 2004. The Authority considers that there are a number of aspects of the 2006 Act framework that may require adjustment in cases where a 2006 Act company is to carry on regulated insurance business. Where such adjustments are not already provided for within the ICC Act or the attached draft regulations, the Authority’s draft policy in this regard is set out below. It should be noted that this policy is still under consideration by the Authority.

In order for a 2006 company to have arrangements acceptable for its authorisation as an insurer, it should take the necessary steps open to it to ensure its corporate governance and transparency arrangements are no less robust than would apply if it were a 1931 company.

Ordinarily the Authority will require, as a specific conditions of its authorisation (if granted), that an authorised insurer that is a 2006 company shall:

a) register under section 138 (registration of charges) any charges created over its property and comply with the requirements of the 2006 the Act in relation to such charges;

b) maintain in force elections under section 203 (filing of the register of members) and section 204 (filing of the register of directors) of the 2006 Act and comply with the requirements of the Act in relation to such elections;

c) maintain up to date copies of the minutes of meetings and resolutions respectively of its directors, members, committees of directors and classes of members, as referred to in sections 79 (other records to be maintained by the company) and 84 (records and common seal), at its business premises on the Isle of Man or at the office of its registered agent; and

d) formally require its registered agent to cooperate fully with the Supervisor in discharging the functions under the Insurance Act 2008.

The Supervisor will not ordinarily authorise an ICC or IC established under the 2006 Act to carry on insurance business except where that ICC or IC is only writing captive insurance business.
5 Consultation process and timing

5.1 Consultation process

The purpose of consultation is to obtain views and gather evidence from which to take an informed decision on the content of proposed legislation. The IPA invites comments on, and questions in relation to, the draft regulations from interested parties.

The closing date for responses is 23rd November 2010.

A response to this consultation will not necessarily guarantee a change to that which is proposed. A summary of the comments received, together with the IPA’s response will be published on the IPA’s website after all comments have been considered.

5.2 Contact

Written responses should be addressed to:

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The Treasury, after consulting the Department of Economic Development, the Insurance and Pensions Authority and persons and bodies appearing to be representative of interests likely to be affected, makes these Regulations under section 32 of the Incorporated Cell Companies Act 20101.

1. Title

The title of these Regulations is the Incorporated Cells Regulations 2010.

2. Commencement

These Regulations come into operation on

3. Interpretation

In these Regulations —

"the 1931 Act" means the Companies Act 19312;

"the 2006 Act" means the Companies Act 20063;

"continued IC" means an overseas cell which is continued in the Island in accordance with Part 1 of Schedule 1;

"IC" means an incorporated cell;

"the ICC", in relation to an IC, means the incorporated cell company of which the IC is an incorporated cell;

"overseas cell" means a body incorporated in a country or territory outside the Island whose relationship to another body incorporated
in that country or territory ("the overseas ICC") is similar to the
relationship between an IC and its ICC;
"the registration authority" means, in relation to an IC
incorporated, or an overseas cell to be incorporated, under —
(a) the 1931 Act, the Department of Economic Development;
(b) the 2006 Act, the Registrar of Companies.

4. **Restrictions on business**

(1) An IC may not carry on any business other than insurance business
(within the meaning of the Insurance Act 2008⁴).

(2) An IC which contravenes paragraph (1) commits an offence and is
liable on summary conviction to a fine not exceeding £5,000.

5. **Particulars to be included in business letters etc.**

In its application to an IC incorporated under the 1931 Act, section
94A(1) of that Act shall have effect with the addition of the following
paragraphs —

"(d) the fact that it is an incorporated cell; and
(e) the name and registered number of the incorporated cell
company of which it is a cell;".

6. **Transfer of domicile**

(1) Part 1 of Schedule 1 shall have effect with respect to the transfer to
the Island of the domicile of an overseas cell.

(2) Part 2 of Schedule 1 shall have effect with respect to the transfer to
another country or territory of the domicile of an IC.

7. **Winding up of ICs**

Part V of the 1931 Act and, in the case of an IC incorporated under the
2006 Act, Chapter 4 of Part XIII of the 2006 Act apply to the winding up
of an IC as they apply to the winding up of any other company limited
by shares, subject to the modifications specified in Schedule 2.

8. **Application of the 2006 Act to ICs**

The 2006 Act applies in respect of an IC incorporated under that Act in
accordance with Schedule 2 to the Incorporated Cell Companies Act
2010, subject to the modifications specified in Schedule 3.

⁴ 2008 c.16
Regulation 6.

SCHEDULE 1
TRANSFER OF DOMICILE

PART 1
CONTINUANCE OF OVERSEAS CELLS

Application for consent to be continued in the Island

1. (1) An overseas cell may apply to the registration authority for consent to be continued in the Island as an IC to which the provisions of the 1931 legislation or the 2006 legislation and any other relevant laws of the Island shall apply.

(2) An application under this paragraph shall be in such form as the registration authority may require.

(3) An application under this paragraph shall —

(a) state whether the overseas cell is to be incorporated under the 1931 Act or the 2006 Act; and

(b) specify the incorporated cell company of which the overseas cell is to become an IC.

(4) An application under this paragraph shall be accompanied by —

(c) a memorandum of continuance stating that the overseas cell is to be an IC, in such form and containing such other particulars as may be required by the registration authority;

(d) proof to the satisfaction of the registration authority that the overseas cell has obtained all necessary authorisations required under the laws of the country or territory in which it was incorporated to enable it to make the application;

(e) financial statements of the overseas cell prepared for a period ending within 12 months of the date of the application and audited to the satisfaction of the registration authority;

(f) details of all charges created by the overseas cell to which section 79 of the 1931 Act or section 138 of the 2006 Act, as the case may be, would apply if the overseas cell had been incorporated in the Island indicating the order in which they will be registered under paragraph 3(c);

(g) the written consent to the making of the application of —

(i) the overseas ICC, and

(ii) the company referred to in sub-paragraph (3);

(h) the written consent to —

(i) the making of the application; and

(ii) the order of registration specified in accordance with paragraph (f),

of the holders of all charges created by the overseas cell to which section 79 of the 1931 Act or section 138 of the 2006 Act, as the case may be, would apply if the overseas cell had been incorporated in the Island; and
(i) a certificate signed by an advocate to the effect he has made such enquiries as are reasonable in the circumstances and as a result of those enquiries believes —

(i) that the application complies with the requirements of this Part; and

(ii) that matters precedent and incidental thereto have been complied with; and

(j) such other information and documents as the registration authority may require.

(3) Not more than 3 months prior to an application under this paragraph, the overseas cell shall cause to be published in —

(a) 2 newspapers published and circulating in the Island; and

(b) one newspaper circulating throughout the country or territory in which the overseas cell is incorporated,

an advertisement announcing its intention to continue the overseas cell in the Island in accordance with this Part and specifying its name and principal place of business.

(4) The registration authority may waive the requirements of sub-paragraph (3) if it considers that the circumstances are such that it is reasonable to do so.

Consent

2. (1) In relation to every application under paragraph 1, the registration authority shall, after considering the application and after making such other enquiries as it thinks appropriate, either grant its consent or refuse the application.

(2) A consent or refusal under sub-paragraph (1) shall be in writing.

(3) A consent under sub-paragraph (1) shall, subject to there being no material change in the information contained in the documents submitted with the application, be valid for a period of 3 months from the date on which the consent is granted.

Registration

3. (1) During the period mentioned in paragraph 2(3) and subject to the provisions of that sub-paragraph, an overseas cell may deliver to the registration authority —

(a) the consent under paragraph 2(1); and

(b) the memorandum of continuance; and

(c) articles of association (if any) which conform to the requirements of the 1931 legislation or the 2006 legislation, as the case may be, and to other applicable laws of the Island;

(d) particulars, in the form prescribed for the purposes of section 79 of the 1931 Act or section 138 of the 2006 Act, as the case may be, of any existing charge of a description specified in section 79(2) of the 1931 Act or section 136 of the 2006 Act, as the case may be;

(e) a statutory declaration (dated not more than 7 days before such delivery) by a director of the overseas cell that there has been no material change in the information contained in the documents submitted with the application.

(2) On delivery of the consent, memorandum, articles of association (if any), particulars (if any) and statutory declaration under sub-paragraph (1), the registration authority shall —

(a) register the memorandum of continuance;
(b) issue a certificate of registration of the memorandum of continuance in such form as the registration authority may determine; and

(c) enter in the register of charges under section 82 of the 1931 Act or the record of charges under section 138(3) of the 2006 Act, as the case may be, in such order as the overseas cell may instruct, the particulars of charges delivered under sub-paragraph (1), and issue a certificate under section 82(2) of the 1931 Act or section 138(4) of the 2006 Act, as the case may be, in respect of each such charge.

(3) The memorandum of continuance shall be deemed to be the memorandum of association of a continued IC in lieu of its memorandum of association or other constituent document.

(4) Without prejudice to paragraph 4(1), where no articles of association have been delivered to the registration authority under sub-paragraph (2), the articles of a continued IC shall be —

(a) in the appropriate form prescribed under section 7 of the Companies Act 1986, or

(b) in the form of the relevant model articles prescribed under section 6 of the 2006 Act,
as the case may be, as in force at the date of the certificate of registration under sub-paragraph (2)(b) until it adopts articles of association which conform to the requirements of the 1931 legislation or the 2006 legislation, as the case may be, and any other applicable laws of the Island.

(5) A continued IC shall, within 14 days of the date of the certificate of registration under sub-paragraph (2)(b), forward a copy of it to the competent authority in the country or territory from which it has been continued.

Effect of continuance

4. (1) On the date of the certificate of registration under paragraph 3(b) the overseas cell shall become —

(a) a company to which the 1931 legislation or the 2006 legislation, as the case may be, and all other laws of the Island apply as if it had been incorporated under the 1931 Act or the 2006 Act, as the case may be, as an IC; and

(b) an incorporated cell of the company referred to in paragraph 1(b);

(2) The provisions of the 1931 legislation or the 2006 legislation, as the case may be, relating to the memorandum of association of companies shall, with the necessary modifications, apply to a memorandum of continuance.

(3) The provisions of the 1931 legislation or the 2006 legislation, as the case may be, relating to a certificate of incorporation shall, with the necessary modifications, apply to a certificate of registration under paragraph 3(b).

(4) Without prejudice to the generality of subsection (1), where particulars of an existing charge have been delivered to the registration authority under paragraph 3(d), that charge shall not be treated as void against a liquidator or any creditor of the overseas cell under section 79(1) of the 1931 Act or section 138(6) of the 2006 Act, as the case may be.

Consequences of continuance of overseas cell

5. (1) On the continuance of an overseas cell as an IC —

(a) the property of the overseas cell continues to be the property of the continued IC;
(b) the continued IC continues to be liable for the obligations of the overseas cell;
(c) any existing cause of action, claim or liability to prosecution in respect of the
overseas cell is unaffected;
(d) any civil, criminal or administrative action or proceeding pending by or against
the overseas cell is unaffected; and
(e) any conviction against, or any ruling, order or judgment in favour of or against
the overseas cell may be enforced by or against the continued IC.

(2) The registration of the continuance of an overseas cell under this Part shall not be
deemed —
(a) to create a new legal entity, or
(b) to prejudice or affect the continuity of the body corporate which was formerly an
overseas cell and becomes a continued IC.

(3) The courts shall apply the laws of evidence and the rules of procedure with the intent
that no claimant against the continued IC shall be prejudiced in pursuing in or under
the laws of the Island a claim that existed prior to the date of continuance and which
could have been pursued under the laws then governing the overseas cell.

(4) Notwithstanding section 1 of the Judgments (Reciprocal Enforcement) (Isle of Man)
Act 1968, Part I of that Act applies in respect of judgments of any court outside the
Island if —
(a) the judgment debtor is an overseas cell which has become a continued IC; and
(b) the judgment is given (whether before or after the commencement of this section)
in proceedings in respect of a cause of action arising before the date of the
certificate of registration issued in respect of the continued IC under section
4(2)(a); and
(c) at the time when the cause of action arose, the continued IC was incorporated in,
or had its principal place of business in the country of the relevant court; and
(d) the judgment is final and conclusive as between the parties to it; and
(e) there is payable under the judgment a sum of money.

(5) For the purposes of sub-paragraph (4)(d), a judgment shall be deemed to be final and
conclusive notwithstanding that an appeal may be pending against it, or that it may
still be subject to appeal, in the courts of the country of the original court.

(6) Sub-paragraph (4) applies in respect of judgments for taxes or other charges of a like
nature or in respect of a fine or other penalty as it applies in respect of any other
judgment under which there is payable a sum of money.

(7) Except as provided by sub-paragraph (8), section 1 of the Judgments (Reciprocal
Enforcement) (Isle of Man) Act 1968 shall not apply in respect of any judgment to
which sub-paragraph (4) applies.

(8) Where, apart from this paragraph, Part I of the 1968 Act applies to a judgment of any
court, this paragraph shall be treated as additional to and not in derogation of such
application of that Part.

3 XX p.452
PART 2
DISCONTINUANCE OF ICs

Application for consent for discontinuance

6. (1) An IC may apply to the registration authority for consent to be continued in a country or territory outside the Island as if it had been incorporated under the laws of that other country or territory and to be discontinued under the 1931 legislation or the 2006 legislation, as the case may be.

(2) An application under this paragraph shall be in such form as the registration authority may require.

(3) An application under this paragraph shall specify the body incorporated in the country or territory referred to in sub-paragraph (1) of which the IC is to become an incorporated cell.

(4) An application under this paragraph shall be accompanied by —
   (a) a certified copy of a resolution of the members passed by a majority vote of 75% of each class of members and authorising the continuance of the IC in a named country or territory outside the Island;
   (b) a statutory declarations by all the directors of the IC that —
      (i) the IC is solvent and can meet all of its liabilities and obligations; and
      (ii) that the discontinuance will not adversely affect the interests or rights of, creditors and shareholders; and
   (c) a copy of a notice published at least 14 days prior to the application in —
      (i) 2 newspapers published and circulating in the Island; and
      (ii) one newspaper circulating throughout the country or territory in which the IC is to be continued,

   to the effect that the IC intends to cease to be registered in the Island, to continue in the named country or territory outside the Island and that interested persons may make comments to the registration authority during the 10 days following the publication of the notice;
   
   (d) an irrevocable and legally binding undertaking executed by the IC and its directors under which —
      (i) the IC and each of its directors agree to accept service of legal process in the Island in any proceeding arising out of actions or omissions occurring prior to the discontinuance and provision is made for the appointment of a person within the Island as agent for the IC for the service of process for a period of not less than 3 years from the date of discontinuance and for a signed acceptance of the appointment;
      (ii) the IC and each of its directors agree that all legal process will be accepted by them at a specified address in the named country or territory; and
      (iii) the IC and such directors submit to the non-exclusive jurisdiction of the courts of that country or territory;

   (e) a copy of a notice delivered to all shareholders of the IC at least 14 days prior to the application, to the effect that the registration authority will take into
consideration any comments in writing which it receives from shareholders prior to the application;

(f) the written consent to the making of the application of —
   (i) the ICC, and
   (ii) the body referred to in sub-paragraph (3);

(g) the written consent to the making of the application of the holders of all charges registered under section 79 of the 1931 Act or section 138 of the 2006 Act, as the case may be; and

(h) a certificate signed by an advocate to the effect he has made such enquiries as are reasonable in the circumstances and as a result of those enquiries believes —
   (i) that the application complies with the requirements of this Part; and
   (ii) that matters precedent and incidental thereto have been complied with.

(5) The directors of an IC may, if authorised by the members in general meeting, abandon an application for consent under this paragraph; and the provisions of sub-paragraph (4)(a) as to majority shall apply to such authorisation.

Grant of consent

7. (1) In relation to every application under paragraph 6(1) the registration authority shall, after considering such documents, information and copies, and after making such other enquiries as it thinks appropriate, either grant its written consent or refuse the application.

(2) The registration authority shall not grant its consent under sub-paragraph (1) if the IC has not satisfied it that appropriate arrangements have been made for the payment of all taxes, duties, rates and contributions which are payable or may become payable to the Government or any Department or Statutory Board in respect of anything done by the IC before the date of the certificate of discontinuance under section 10(2).

(3) The consent of the registration authority shall be in such form as the registration authority may determine.

(4) The consent of the registration authority shall expire 3 months after the date of the grant unless within that period the IC is continued under the laws of the named country or territory outside the Island.

Documents to be filed

8. (1) The IC shall deliver to the registration authority —
   (a) the consent of the registration authority;
   (b) a copy of the instrument of continuance issued to it by the competent authority in the country or territory under the laws of which the IC is to be continued; and
   (c) a declaration of discontinuance containing or attaching the following information —
      (i) a copy of the irrevocable undertaking required by paragraph 6(d);
      (ii) the name of the country or territory under the laws of which the IC has been continued; and
      (iii) the address of the registered office or the principal business address of the IC in that country or territory,
not later than 1 month after the date of issue of the instrument of continuance referred to in (b).

(2) An IC which contravenes sub-paragraph (1) commits an offence and is liable on summary conviction to a fine not exceeding £5,000.

(3) The registration authority shall file the instrument of continuance and issue a certificate of discontinuance which shall be in such form as the registration authority may determine.

(4) A certificate of discontinuance given by the registration authority in respect of an IC shall be conclusive evidence that all the requirements of this Part in respect of discontinuance and of matters precedent and incidental thereto have been complied with, and that the IC is duly discontinued under this Part.

**Effect of discontinuance**

9. (1) On the date of the certificate of discontinuance the IC shall cease to be —
   (a) registered as a company under the 1931 Act or the 2006 Act, as the case may be; and
   (b) an incorporated cell of the ICC.

(2) The 1931 legislation or the 2006 legislation, as the case may be, shall cease to apply to the IC on the date on which it is continued under the laws of the other country or territory as stated in the instrument of continuance and in the declaration of discontinuance.

**Restrictions on continuance of IC**

10. An IC shall not be eligible for continuance as an overseas cell unless at the time of the application under paragraph 6, the laws of the country or territory in question provide, in effect, that when an IC is continued as an overseas cell in that country or territory —
   (a) the property of the IC continues to be the property of the overseas cell;
   (b) the overseas cell continues to be liable for the obligations of the IC;
   (c) any existing cause of action, claim or liability to prosecution in respect of the IC is unaffected; and
   (d) any conviction against, or any ruling, order or judgment in favour of or against the IC be enforced by or against the overseas cell.

**Consequence of discontinuance of IC**

11. The discontinuance of an IC under this Part and its continuance in a country or territory outside the Island shall not be deemed to operate —
   (a) to create a new legal entity; or
   (b) to prejudice or affect the continuity of the overseas cell which was formerly an IC.
Regulation 7.

SCHEDULE 2
MODIFICATIONS OF WINDING UP PROVISIONS

Winding up by the court

1. An application to the court for the winding up of an IC may be made by the ICC as well as by a person mentioned in section 164(1) of the 1931 Act.

Meetings of company or contributories

2. The ICC shall be entitled to be given notice of and, by its duly authorised representative, to attend (but not to vote at) —
   (a) a meeting of contributories under section 179(2) or 185(2) of the 1931 Act;
   (b) a general meeting at which a resolution for voluntary winding up, or appointing a liquidator, may be passed;
   (c) a general meeting under section 223(1), 224(1), 232(1) or 233(1) of the 1931 Act.

Liquidator’s accounts

3. The liquidator shall send to the ICC a copy of every account laid before a meeting referred to in paragraph 2(c).

Enforcement

4. An application to the court for an order under section 263 of the 1931 Act may be made by the ICC.

Disposal of books and papers

5. In its application to an IC, section 266 of the 1931 Act shall have effect as if subsection (1) required the books and papers of the IC and of the liquidators to be delivered to the ICC, to be kept by it for a period of not less that 5 years.

Property of dissolved IC

6. Where an IC is dissolved —
   (a) section 274 of the 1931 Act, or section 193 of the 2006 Act, as the case may be, shall not apply;
   (b) the property and rights which, apart from this paragraph, would be deemed to be _bona vacantia_ by virtue of section 274 of the 1931 Act or section 193 of the 2006 Act shall vest in the ICC, subject and without prejudice to any order made by the court under sections 272 or 273 of the 1931 Act or section 191 of the 2006 Act (except as provided by section 274B of the 1931 Act or section 195 of the 2006 Act); and
   (c) sections 274A and 274B of the 1931 Act, or sections 194 and 195 of the 2006 Act, as the case may be, shall have effect with the omission of references to _bona vacantia_ and the Crown and with the substitution for references to the Treasury of references to the ICC.
Regulation 8.

SCHEDULE 3
APPLICATION OF THE 2006 ACT TO ICs

1 Accounting Records

Any reference within the 2006 Act to section 80 of that Act shall be construed in accordance with paragraph 2 of Schedule 2 to the Incorporated Cell Companies Act 2010.

2 Financial statements

(1) Whenever financial statements are to be prepared in respect of one or more ICs of an ICC (whether or not under compulsion of law or other obligation), the ICC shall be responsible for the preparation of those financial statements and shall prepare separate financial statements for each IC.

(2) The requirement in sub-paragraph (1) is satisfied if an IC, with the agreement of the directors of its ICC, elects—

(a) in its articles; or

(b) by way of a members’ resolution,

that the preparation of its annual accounts may be combined with the preparation of the annual accounts of its ICC or another IC of its ICC which also so elects, and that preparation is so combined.

(3) Where no election is made under sub-paragraph (2), the financial statements of an ICC need not include matters already included by it in the financial statements of an IC prepared by it in accordance with sub-paragraph (1).

(4) Subject to contrary provision in the articles of an IC or its ICC —

(a) a member of the ICC who is not a member of the IC is only entitled to be provided with the annual accounts of the ICC that relate to the ICC;

(b) a member of an IC is only entitled to be provided with so much of the annual accounts as relate to the IC of which that person is a member.

(5) An ICC which fails to comply with this paragraph commits an offence and is liable on summary conviction to a fine not exceeding £5,000.

3 Right to require financial statements to be prepared

(1) Section 80A of the 2006 Act does not apply to an IC.

(2) However, if no financial statements, whether individual or, if applicable, combined, have been prepared in respect of an IC for a continuous period of 18 months or more, any member or director of the IC may at any time demand that financial statements be prepared for the period since the end of the financial period to which the preceding financial statements relate or, if none, since the incorporation of the IC and made up to such date as is specified in the demand, not being later than the date of demand.

(3) A demand under sub-paragraph (1) shall be made in writing and deposited at the registered office of the IC or the ICC.
(4) The financial statements must be prepared by the ICC within 6 months of the date of deposit of the demand.

(5) The requirements of sub-paragraph (4) may be met by the preparation of either individual accounts of the IC or, where an election has been made under paragraph 1(2), combined accounts.

(6) An ICC that contravenes sub-paragraph (4) commits an offence.

4 ICC responsibility for audit of its ICs

Where an IC is to be audited (whether or not under compulsion of law or other obligation), the IC shall be responsible for the appointment and remuneration of the Auditor unless, with the agreement of the directors of the ICC, that IC has elected—

(a) in its articles; or

(b) by way of a special resolution,

that such responsibility be passed to the ICC.

5 Combining audit of ICs with their ICC

(1) Where an IC is to be audited the IC may, with the agreement of the directors of its ICC, elect—

(a) in its articles; or

(b) by way of a special resolution,

that its audit may be combined with the audit of its ICC, or another IC of its ICC which also so elects, and those audits are so combined.

(2) Subject to contrary provision in the articles of an IC or its ICC—

(a) a member of the ICC who is not a member of the IC is only entitled to be provided with so much of the auditors' report of the ICC as relates to the ICC;

(b) a member of an IC is only entitled to be provided with so much of the auditors' report of the ICC as relates to that IC of which that person is a member.
These Regulations make further provision for incorporated cells (ICs) created under the Incorporated Cell Companies Act 2010. An IC is prohibited from carrying on any business other than insurance business (regulation 4). An IC incorporated under the Companies Act 1931 is required to mention its status and the identity of the company of which it is a cell on business letters etc. (regulation 5). Provision is made for the transfer of the domicile of ICs to and from the Isle of Man (regulation 6 and Schedule 1) and for the winding up of ICs (regulation 7 and Schedule 2). The application of the Companies Act 2006 is modified with respect to ICs (regulation 8 and Schedule 3).
INCORPORATED CELL COMPANIES ACT 2010

INCORPORATED CELL COMPANIES (FORMS) REGULATIONS 2010

Approved by Tynwald:
Coming into operation:

The Treasury makes these Regulations under section 32 of the Incorporated Cell Companies Act 2010.

1 Title
These Regulations are the Incorporated Cell Companies (Forms) Regulations 2010.

2 Commencement
If approved by Tynwald, this Order comes into operation on [DATE].

3 Interpretation
In these Regulations –
“the Act” means the Incorporated Cell Companies Act 2010.

4 Prescribed Forms
(1) An application to be incorporated as an Incorporated Cell Company under section 7 of the Act shall be accompanied by a statement in the form set out in Schedule 1.

(2) An application to be incorporated as an Incorporated Cell under section 12 of the Act shall be accompanied by a statement in the form set out in Schedule 2.

1 2010 c.##
2 As required by section 33 of the Incorporated Cell Companies Act 2010
(3) An application by a company to be converted into an Incorporated Cell Company under section 21 of the Act shall be accompanied by:

(a) a statement in the form set out in Schedule 3; and
(b) a declaration by each director of the company in the form set out in Schedule 4.

(4) An application by a protected cell company to be converted into an Incorporated Cell Company under section 22 of the Act shall be accompanied by:

(a) a statement in the form set out in Schedule 5; and
(b) a declaration by each director of the company in the form set out in Schedule 6.

(5) An application by an incorporated cell to be converted into an company under section 23 of the Act shall be accompanied by

(a) a statement in the form set out in Schedule 7; and
(b) a declaration by each director of the incorporated cell in the form set out in Schedule 8.

(6) A notification of transfer of an incorporated cell from an ICC to another ICC under section 24 of the Act shall be accompanied by a declaration by each director of the transferor ICC in the form set out in Schedule 9.

(7) A notification of conversion of a company into an IC and transfer to an ICC under section 25 of the Act shall be accompanied by a declaration by each director of both the company and the ICC in the form set out in Schedule 10.
Statement to accompany an application to be incorporated as an
Incorporated Cell Company
Pursuant to section 7 of the Incorporated Cell Companies Act 2010

Name of Company

I hereby state, for and on behalf of the subscribers of the memorandum, that the
Company’s memorandum of association states that it is an Incorporated Cell Company
and that the company will only carry on such business as is prescribed under section 7(2)

(Signed) .......................................................... (Date) ..........................................................

(Print Full Name)

Capacity in which the statement is made
Statement to accompany an application to be incorporated as an
Incorporated Cell
Pursuant to section 12 of the Incorporated Cell Companies Act 2010

Name of Company

I hereby state, for and on behalf of the subscribers of the memorandum, that the
Company’s memorandum of association states that it is an Incorporated Cell.

(Signed) ________________________________ (Date) ______________

(Print Full Name)

Capacity in which the statement is made
Statement to accompany an application for a company to be converted into an Incorporated Cell Company
Pursuant to section 21 of the Incorporated Cell Companies Act 2010

Name of Company

I hereby state, for and on behalf of the Directors of the Company, that the Company’s memorandum of association (attached) has been amended to authorise conversion of the company into an incorporated cell company and that the incorporated cell company will only carry on such business as is prescribed under section 21 (4) of the Incorporated Cell Companies Act 2010.

(Signed)  
(Date)

(Print Full Name)

Capacity in which the statement is made
Company Number ____________ Form Number IC4

Director’s declaration to accompany an application for a company to be converted into an Incorporated Cell Company
Pursuant to section 21(7) of the Incorporated Cell Companies Act 2010
To be completed by each Director of the below named company

Name of Company

I hereby declare, as a Director of the Company, that I believe, on reasonable grounds, that the requirements of section 21 of Incorporated Cell Companies Act 2010 have been fulfilled.

(Signed) ____________________________  (Date) ____________________________

(Print Full Name) ____________________________

(Signed) ____________________________  (Date) ____________________________

(Print Full Name) ____________________________

(Signed) ____________________________  (Date) ____________________________

(Print Full Name) ____________________________

If insufficient space is provided, please attach a separate sheet of paper.
Statement to accompany an application for a PCC to be converted into an Incorporated Cell Company
Pursuant to section 22 of the Incorporated Cell Companies Act 2010

Name of PCC

I hereby state, for and on behalf of the Directors of the PCC, that the PCC’s memorandum of association (attached) has been amended to authorise conversion of the PCC into an incorporated cell company and that the incorporated cell company will only carry on such business as is prescribed under section 22(4) of the Incorporated Cell Companies Act 2010.

(Signed)  ...................................................... (Date)  ......................................................

(Print Full Name)

Capacity in which the statement is made
Director’s declaration to accompany an application for a PCC to be converted into an Incorporated Cell Company
Pursuant to section 22(9) of the Incorporated Cell Companies Act 2010
To be completed by each Director of the below named PCC

Name of PCC

I hereby declare, as a Director of the PCC, that I believe, on reasonable grounds, that:

(a) the PCC is able to discharge its liabilities as they fall due;
(b) there are no creditors of the PCC whose interests will be unfairly prejudiced by the conversion; and
(c) the requirements of section 22 of Incorporated Cell Companies Act 2010 have been fulfilled.

(Signed)  
(Date)  
(Print Full Name)

(Signed)  
(Date)  
(Print Full Name)

(Signed)  
(Date)  
(Print Full Name)

(Signed)  
(Date)  
(Print Full Name)

If insufficient space is provided, please attach a separate sheet of paper.
Statement to accompany an application for an incorporated cell to be converted into a company
Pursuant to section 23 of the Incorporated Cell Companies Act 2010

Name of Incorporated Cell

I hereby state, for and on behalf of the Directors of the incorporated cell, that the incorporated cell’s memorandum of association (attached) has been amended to authorise conversion of the incorporated cell into a company.

(Signed) .................................................. .............................. (Date)

(Print Full Name)

Capacity in which the statement is made
Director’s declaration to accompany an application for an
Incorporated Cell to be converted into a Company
Pursuant to section 23(5) of the Incorporated Cell Companies Act 2010
To be completed by each Director of the below named IC

Name of IC

I hereby declare, as a Director of the IC, that I believe, on reasonable grounds, that the requirements of section 23 of Incorporated Cell Companies Act 2010 have been fulfilled.

(Signed)   ..................................................   (Date)

(Print Full Name)

(Signed)   ..................................................   (Date)

(Print Full Name)

(Signed)   ..................................................   (Date)

(Print Full Name)

If insufficient space is provided, please attach a separate sheet of paper.
**Director’s declaration to accompany a notification of transfer of an IC between ICCs**

Pursuant to section 24(6)(e) of the Incorporated Cell Companies Act 2010

To be completed by each Director of the transferor ICC

<table>
<thead>
<tr>
<th>Name of Transferor ICC</th>
<th>Company number</th>
</tr>
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<tbody>
<tr>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Name of Transferee ICC</th>
<th>Company number</th>
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<tbody>
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</table>

<table>
<thead>
<tr>
<th>Name of IC Transferred</th>
<th>Company number</th>
</tr>
</thead>
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</tr>
</tbody>
</table>

I hereby declare, as a Director of the above named transferor ICC, that I believe, on reasonable grounds, that:

(a) the IC being transferred is able to discharge its liabilities as they fall due;

(b) the transfer agreement has been approved in accordance with this section; and

(c) the requirements of section 24 of Incorporated Cell Companies Act 2010 have been fulfilled.

<table>
<thead>
<tr>
<th>(Signed)</th>
<th>(Date)</th>
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<tbody>
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</table>

(Print Full Name)

<table>
<thead>
<tr>
<th>(Signed)</th>
<th>(Date)</th>
</tr>
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<tbody>
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<td></td>
</tr>
</tbody>
</table>

(Print Full Name)

If insufficient space is provided, please attach a separate sheet of paper.
Form Number IC10

Director’s declaration to accompany a notification of conversion of a company into an IC and transfer to an ICC

Pursuant to section 25(9) of the Incorporated Cell Companies Act 2010
To be completed by each Director of both the company and the ICC

Name of Company  Company number

Name of ICC  Company number

I hereby declare that I believe, on reasonable grounds, that:
(a) the non-cellular company is able to discharge its liabilities as they fall due;
(b) the transfer agreement has been approved in accordance with this section; and
(c) the requirements of section 25 of Incorporated Cell Companies Act 2010 have been fulfilled.

(Signed)  (Date)

(Print Full Name)  Director of: Company* / ICC* / both*

(Signed)  (Date)

(Print Full Name)  Director of: Company* / ICC* / both*

(Signed)  (Date)

(Print Full Name)  Director of: Company* / ICC* / both*

If insufficient space is provided, please attach a separate sheet of paper.
* - Delete as applicable
These Regulations prescribe certain forms that are required, under the ICC Act, be completed and submitted to the Companies Registry in respect of the following matters:

- Incorporation as an ICC (Schedule 1)
- Incorporation as an IC (Schedule 2)
- Conversion of company into an ICC (Schedules 3 & 4)
- Conversion of protected cell company into an ICC (Schedules 5 & 6)
- Conversion of an IC into company (Schedules 7 & 8)
- Transfer of an IC from one ICC to another (Schedule 9)
- Conversion of a company into an IC and transfer to an ICC (Schedule 10)
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 14, 47 and 50 of and Schedule 7 to the Insurance Act 2008\(^1\).

1. **Title**
   
   These Regulations are the Insurance (Incorporated Cell Companies) Regulations 2010.

2. **Commencement**
   
   These Regulations come into operation on [DATE]

3. **Interpretation**
   
   In these Regulations —

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

   "the ICC Act" means the Incorporated Cell Companies Act 2010\(^2\);

   “the Insurance Act” means the Insurance Act 2008;

   “the principal Regulations” means the Insurance Regulations 1986\(^3\);

   “authorised insurer” and “insurance manager” have the same meanings as in the Insurance Act; and

   “the 1931 legislation” and “the 2006 legislation” have the same meanings as in the ICC Act.

4. **Application of these Regulations**
   
   The principal Regulations apply to ICCs and ICs which are authorised insurers

---

\(^1\) 2008 c.16

\(^2\) 2010 c.

\(^3\) GC 319/86
as modified by these Regulations.

Authorisation

5. Provisional authorisation of ICC or IC

(1) Persons intending to form an ICC or IC may apply to the Supervisor for provisional authorisation to carry on insurance business of a category specified in the application.

(2) An application for provisional authorisation shall be in the form set out in Schedule 1.

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

(4) A provisional authorisation in respect of an ICC or IC —

(a) shall not of itself authorise the ICC or IC, when incorporated, to carry on insurance business, but, as applicable

(b) shall indicate for the purpose of section 7(2), 21(4) or 22(4) of the ICC Act, as applicable, that the ICC will accordingly, when correspondingly incorporated or converted, be so authorised;

(c) shall indicate for the purpose of paragraph 3 of the Incorporated Cell Regulations 2010 that the IC will, when incorporated, be so authorised.

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

(a) provisionally authorise the applicant in writing; or

(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 in Part I of Schedule 2; and

(b) accompanied by the documents and information specified in Part II of Schedule 2.
7. **Solvency requirement**

An IC that is not undertaking any activities and has no exposure to liabilities in relation to insurance business which would normally require a person to be authorised under section 8 of the Insurance Act —

(a) is exempt from the requirement to maintain a minimum margin of solvency under section 12 of the Insurance Act; but

(b) shall maintain assets in excess of its liabilities as shown by its audited (non-consolidated and non-combined) balance sheet.

8. **Requirement for 2006 Act Companies to Prepare Accounts**

(1) For ICCs and ICs incorporated under the 2006 Act, the ICC shall:

(a) Prepare annual accounts in respect of the ICC and each of its ICs drawn up to a date no later than 18 months from the date of incorporation of the entity to which they relate and subsequently once in each calendar year; and

(b) Produce to the Supervisor, within 21 days after the date of on which the accounts were approved by the directors and in any event within 6 months after the close of the year to which they relate, a copy of the audited annual accounts of the ICC and each of its ICs.

(2) The Supervisor, if for any special reason he thinks fit so to do, may waive the requirement under sub-paragraph (1)(a) for accounts to be prepared in each calendar year, subject to the accounting period being not in excess of 18 months.

9. **Election to combine accounts**

Where an ICC and any of its ICs, or any of the ICs of the ICC, have made an election to combine the preparation of their annual accounts under —

(a) in the case of such insurers incorporated under the 1931 legislation, paragraph (3)(3) of Schedule 1 to the ICC Act; or

(b) in the case of such insurers incorporated under the 2006 legislation, paragraph (2)(2) of Schedule 3 to the Incorporated Cells Regulations 2010,

such “elective combined” accounts shall be subject to regulations (10) to (13) and shall not be subject to regulations 7, 8, 9 and 11 of the principal regulations.

10. **Revenue accounts and funds combined**

(1) The elective combined Revenue Account prepared in respect of authorised insurers shall —

(a) in the case of insurers carrying on general business, where the business is accounted for on an annual basis, be in the form set out in Part I of Schedule 3 and shall comply with the requirements of that Part;
(b) in the case of insurers carrying on general business, where the business is accounted for on a fund basis, be in the form set out in Part II of that Schedule and shall comply with the requirements of that Part;

(c) in the case of insurers carrying on long-term business, be in the form set out in Part III of that Schedule and shall comply with the requirements of that Part.

(2) An authorised insurer which carries on long-term business and maintains more than one long-term business fund, shall prepare a separate account in the form set out in Part III of Schedule 3 in respect of each such fund.

11. Profit and loss account and income and expenditure accounts combined

(1) The elective combined Profit and Loss Account prepared by authorised insurers shall be in the form set out in Part I of Schedule 4 and shall comply with the requirements of that Part.

(2) Authorised insurers shall prepare a statement of reserves and shall annex such statement to the Profit and Loss Account.

12. Balance sheets combined

(1) The elective combined Balance Sheet prepared by authorised insurers shall be in the form set out in Part I of Schedule 5 and shall comply with the requirements of those Parts.

(2) In the case of authorised insurers which carry on long-term business, in addition to the Balance Sheet referred to in paragraph (1), there shall be annexed thereto a Balance Sheet for the long-term business fund in the form set out in Part II of Schedule 5 which shall comply with the requirements of that Part.

Supplementary information etc.

13. Combined supplementary information, certificates and reports

Where an election to combine accounts in accordance with Regulation 9 has been made, Regulation 11 of the principal Regulations shall apply as if references therein to Schedule 6 to those Regulations were references to Schedule 6 to these regulations.

Regulation of business etc.

14. Exemption from requirement to register as an insurance manager

An ICC that in the normal course of its business carries out, in respect of one or more of its ICs, such functions as are:

(a) prescribed under the ICC Act; or

(b) required pursuant to an election made under the ICC Act,

shall not, solely as a result of carrying out those functions, be deemed to be acting as an insurance manager within the meaning of the Insurance Act 2008.
15. **Restriction on distribution of share capital**

No distribution or other reduction of the share capital of an ICC or IC shall take place without the prior written consent of the Supervisor.

16. **Directors**

(1) Every ICC and IC shall have a minimum of two directors.

(2) A person who is not a natural person shall not be appointed as director of an ICC or IC.

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.

(2) Any person to whom this regulation applies and who fails to comply with paragraph (1) is guilty of an offence.

(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 2010 shall be amended in accordance with schedule 7.
SCHEDULE 1

PART I

Application form for provisional authority to carry on an insurance business

To the Insurance Supervisor

(State name of the proposed company for which a provisional authorisation is required)

On behalf of the above proposed company I hereby apply for the grant of provisional authority to carry on an insurance business under Section 8 of the Insurance Act 2008 for the Class or Classes of insurance stated herein.

It is proposed that the above 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 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 Insurance Supervisor may request further information or documents in the course of considering this application.

* - Delete or include as appropriate
APPENDIX 1

1. Will the company be subject to an election to combine accounts in accordance with regulation 8?

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

APPENDIX 2

Additional Information to accompany applications for provisional authorisation

1. A 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.

3. A questionnaire in the form set out in Schedule 2 to the principal Regulations, completed by every individual who will be, Director, Controller, Chief Executive or Manager of the applicant.
SCHEDULE 2

PART I

Application form for authority to carry on an insurance business

To the Insurance Supervisor

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

On behalf of the above 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)

I declare that the information given 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 Insurance Supervisor may request further information or documents in the course of considering this application.

* - Delete or include as appropriate
PART II

DOCUMENTS AND INFORMATION TO ACCOMPANY APPLICATION

1. In relation to the company making the application, its certificate of incorporation or, if applicable, conversion.

2. 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.
## SCHEDULE 3

**Regulation 9**

**PART I**

### GENERAL BUSINESS REVENUE ACCOUNT

(for business accounted for on an annual basis)

<table>
<thead>
<tr>
<th></th>
<th>ICC</th>
<th>IC 1</th>
<th>IC 2</th>
<th>IC 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Premiums</strong></td>
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<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Gross premiums receivable</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Reinsurance premiums payable</td>
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<td>(X)</td>
<td>(X)</td>
<td>(X)</td>
</tr>
<tr>
<td>Net premiums written</td>
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<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>(Increase) /decrease in unearned premiums</td>
<td>(X)</td>
<td>X</td>
<td>X</td>
<td>(X)</td>
<td>(X)</td>
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<tr>
<td><strong>Claims</strong></td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>* Gross</td>
<td>(X)</td>
<td>(X)</td>
<td>(X)</td>
<td>(X)</td>
<td>(X)</td>
</tr>
<tr>
<td>* Recoverable from reinsurers</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>(X)</td>
<td>(X)</td>
<td>(X)</td>
<td>(X)</td>
<td>(X)</td>
</tr>
<tr>
<td><strong>Commission and Expenses</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Commission payable</td>
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<td>(X)</td>
<td>(X)</td>
<td>(X)</td>
<td>(X)</td>
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<td>Expenses</td>
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<td>(X)</td>
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<td>(X)</td>
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<tr>
<td>Commission receivable</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>(Increase) /decrease in deferred acquisition costs</td>
<td>(X)</td>
<td>X</td>
<td>(X)</td>
<td>(X)</td>
<td>(X)</td>
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<td><strong>Underwriting profit/(loss)</strong></td>
<td>X</td>
<td>X</td>
<td>(X)</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td><strong>Attributable investment return</strong></td>
<td>X</td>
<td>(X)</td>
<td>X</td>
<td>-</td>
<td>X</td>
</tr>
<tr>
<td><strong>Insurance profit/(loss)</strong></td>
<td>X</td>
<td>X</td>
<td>(X)</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

### 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.
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)

<table>
<thead>
<tr>
<th></th>
<th>ICC</th>
<th>IC 1</th>
<th>IC 2</th>
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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.
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

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## SCHEDULE 4

### Regulation 10

**PROFIT AND LOSS ACCOUNT**

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**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.
### SCHEDULE 5

**Regulation 11**

**PART I**

**BALANCE SHEET**

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**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

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</table>

### Liabilities

<table>
<thead>
<tr>
<th></th>
<th>ICC</th>
<th>IC 1</th>
<th>IC 2</th>
<th>IC 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits by ceding assurers</td>
<td>(X)</td>
<td>(X)</td>
<td>(X)</td>
<td>(X)</td>
<td>(X)</td>
</tr>
<tr>
<td>Other insurance creditors</td>
<td>(X)</td>
<td>(X)</td>
<td>(X)</td>
<td>(X)</td>
<td>(X)</td>
</tr>
<tr>
<td>Bank loans and overdrafts</td>
<td>(X)</td>
<td>(X)</td>
<td>(X)</td>
<td>(X)</td>
<td>(X)</td>
</tr>
<tr>
<td>Taxation</td>
<td>(X)</td>
<td>(X)</td>
<td>(X)</td>
<td>(X)</td>
<td>(X)</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>(X)</td>
<td>(X)</td>
<td>(X)</td>
<td>(X)</td>
<td>(X)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

### Representing long-term business fund

<table>
<thead>
<tr>
<th></th>
<th>ICC</th>
<th>IC 1</th>
<th>IC 2</th>
<th>IC 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

### 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.
SCHEDULE 6

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 insurer in the form contained in Part III of Schedule 7.
PART II

DIRECTORS' CERTIFICATE

This certificate has been prepared in respect of

____________________________________
____________________________________
____________________________________
____________________________________

We, the directors of ____________________________, certify that:

(name of ICC)

1. The above named Companies complied with the requirements of the Insurance Act 2008 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 and the Insurance (Incorporated Cell Companies) Regulations 2010.

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 as follows:

<table>
<thead>
<tr>
<th>Company name</th>
<th>Excess over required minimum margin</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. As at the end of that year no charge had been made on the assets of 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.
5. There was no material change in the share ownership or share structure of any of the above named Companies during that year (apart from the change notified to the Insurance Supervisor in writing on *).

Director

Director

Date

† List the name of all companies to which the combined certificate relates
* Delete or include as appropriate
PART III

ACTUARY’S REPORT

This report has been prepared in respect of† _______________________________________
_______________________________________
_______________________________________
_______________________________________

To the Insurance Supervisor

I/We have examined the information furnished pursuant to regulation 11 of the Insurance
Regulations 1986 in respect of the year/period ended

With the exception of any revised business plan, 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 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 companies in so far as it relates to long-term business.

Date

Signed

Qualification

† List the name of all companies to which the combined certificate relates
PART IV

AUDITORS' REPORT

This report has been prepared in respect of† _______________________________________
_____________________________________
_____________________________________
_____________________________________

To the Insurance Supervisor

We have examined the information furnished pursuant to regulation 11 of the Insurance Regulations 1986 and Schedule 6 to the Insurance (Incorporated Cell) Regulations 2010.

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 and Schedule 6 to the Insurance (Incorporated Cell) Regulations 2010 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 to have made the statements thereon contained in paragraphs 2, 3, and 4.

Date

Signed

Qualification

† List the name of all companies to which the combined certificate relates
SCHEDULE 7

Regulation 19

AMENDMENT TO THE INSURANCE (FEES) REGULATIONS 2010

1. 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 —

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

(2) The annual fee shall be payable on 6th April in each year.

(3) An ICC which is an authorised insurer but does not carry on, and does not intend to carry on, an insurance business is exempt from the annual fees specified in paragraph (1)”
These Regulations make special provision under the Insurance Act 2008 for incorporated cell companies (ICCs) and incorporated cells (ICs). The promoters of an ICC may apply for "provisional authorisation", which may be used as evidence that it will be authorised to carry on insurance business when incorporated (regulation 5). Forms are prescribed for authorisation of ICCs and ICs (regulation 6). ICs that are not undertaking activities and have no liabilities in relation to insurance are exempt from the Insurance Act 2008 solvency requirements (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 rules apply to ICCs and ICs (regulations 9 to 13). An ICC acting on behalf of its ICs in the normal course of business is not required to register as an insurance manager (regulation 14). Any reduction in share capital is subject to prior supervisory approval (regulation 15). All directors must be natural persons and each ICC and IC must have at least two (regulation 16). The Supervisor must be notified of circumstances which may lead to the striking off of an ICC (regulation 18). 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).