



INSURANCE REGULATIONS 2018

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Statutory Document No. 2018/0192



Companies (Transfer of Domicile) Act 1998
Insurance Act 2008

INSURANCE REGULATIONS 2018

Laid before Tynwald: 17 July 2018

Coming into Operation: 30 June 2018

The Isle of Man Financial Services Authority makes the following Regulations under sections 5, 12, 14, 22, 48, 50, 54 of, and Schedule 7 to, the Insurance Act 2008, after carrying out the consultation required by section 50(3) of that Act, and under section 2(2)(a) of the Companies (Transfer of Domicile) Act 1998 (as modified by Schedule 4 to the Insurance Act 2008).

PART I

GENERAL

1 Title

These Regulations are the Insurance Regulations 2018.

2 Commencement

These Regulations come into operation on 30 June 2018.

3 Interpretation

(1) In these Regulations —

“**audited accounts**” means the audited annual accounts required to be produced to the Authority under section 14(3) of the Act;

“**the Act**” means the Insurance Act 2008 and a reference to a section (without more) is a reference to a section of that Act;

“**long-term business**” has the meaning given in regulation 4;

“**non long-term business**” means insurance business within classes 3 to 9, 11 and 12 (other than restricted long-term business);

“**minimum capital requirement**” has the meaning given in section 12(1)(a) of the Act and as referred to in the Insurance (Long-Term Business Valuation and Solvency) Regulations 2018¹; and

“**solvency capital requirement**” has the meaning given in section 12(1)(b) of the Act and as referred to in the Insurance (Long-Term Business Valuation and Solvency) Regulations 2018².

(2) Any reference to a category or a numbered class of insurance business shall be construed by reference to the following table —

Category	Class number	Description
Long-term business	1	Linked long-term
	2	Long-term, but excluding contracts within classes 1 and 9
General business	3	Marine, aviation and transport
	4	Property, but excluding contracts within classes 3 or 5
	5	Motor
	6	Pecuniary loss
	7	Liability, other than contracts within classes 3 or 5
	8	Credit and suretyship
Reinsurance	9	Personal miscellaneous, including accident, health and disability
	10	Reinsurance of contracts within classes 1 and 2
	11	Reinsurance of contracts within classes 3 to 9
Restricted	12	Contracts which — (a) are within classes 1 to 11 and are with — (i) related companies; or (ii) members of a common industry or association; or (b) are within class 10 or 11 and are with bodies corporate where the original

¹ SD 2018/0193

² SD 2018/0193

insured is a body corporate which is a related company.

- (3) In paragraph (2), “linked long-term” means contracts of insurance on human life, capital redemption contracts or contracts to pay annuities on human life where the benefits are wholly or partly to be determined by reference to the value of, or the income from, property of any description (whether or not specified in the contracts) or by reference to fluctuations in, or in an index of, the value of property of any description (whether or not so specified).
- (4) In paragraph (2), insurance business which is within any of classes 1 to 9 shall include reinsurance contracts within that class.
- (5) In this regulation, a related company is —
 - (a) a body corporate which is an associate of the insurer; or
 - (b) a body corporate in respect of which 15% or more of its ordinary share capital is in the same beneficial ownership (whether directly, or indirectly through a trust or body corporate) as 15% or more of the ordinary share capital of the insurer.

4 Definition of long-term business

- (1) For the purposes of the Act and of these Regulations, “**long-term business**” means, subject to paragraphs (2) to (4), the effecting or carrying out of contracts of insurance of the following descriptions, namely life, annuity, marriage, birth, linked long-term, permanent health, tontines and capital redemption being contracts that are expressed to be in effect for a period of not less than 5 years or without limit of time, and either not expressed to be terminable by the insurer before the expiration of 5 years from the taking effect of the contract or are expressed to be so terminable before the expiration of that period only in special circumstances mentioned in the contract.
- (2) Where the principal object of a contract of insurance is long-term business, but that contract contains related or subsidiary insurance provisions which are not long-term business, the effecting and carrying out of that contract shall be treated as long-term business.
- (3) All contracts of a description that would fall within the definition of long-term business but for the term being less than 5 years shall be treated as falling within that definition if the insurer concerned gives written notice to the Authority that it intends to treat all contracts within that description as long-term business.
- (4) Paragraph (3) shall not apply to any contract of insurance which was effected before the date on which notice was received by the Authority.

5 Modification of Companies Act 1982

In its application to an authorised insurer, Part I of Schedule 1 to the Companies Act 1982 shall have effect subject to the following —

- (a) an authorised insurer shall be exempt from the provisions of that Part to the extent that the insurer may, subject to sub-paragraph (b), include —
 - (i) reserves in general business insurance provisions and
 - (ii) reserves in technical provisions for long-term business, without the disclosure of the amount of such reserves;
- (b) where reserves are included in general business insurance provisions or in technical provisions for long-term business under sub-paragraph (a), any heading stating an amount arrived at after taking into account such reserves shall be so framed or marked as to indicate that fact;
- (c) the accounts of an authorised insurer shall not be deemed, by reason only of the fact that they do not comply with the requirements of Part 1 of Schedule 1 to the Companies Act 1982 from which the insurer is exempt by virtue of sub-paragraph (a), not to give the true and fair view by that Act.

6 Statutory reserve in respect of non long-term business

- (1) An insurer authorised to carry on non long-term business which has any reserve which was set aside under regulation 12 of the Insurance Regulations 1986³ as it had effect immediately before 31 December 1996 in respect of any non long-term business carried on by that insurer must not make the reserve available for distribution except as permitted by this regulation.
- (2) Where the amount of any claim arising against an insurer in respect of any non long-term business carried on by that insurer exceeds (after taking into account any amount payable to the insurer in respect of that claim under a contract of reinsurance) 25 per cent of the adjusted net assets of the insurer for the financial year prior to the date on which the claim arises, the amount of the claim in excess of that percentage shall be charged to the statutory reserve in priority to revenue.
- (3) If the exposure ratio does not exceed 100%, the statutory reserve of an insurer in respect of any non long-term business carried on by that insurer is available for distribution with the prior written consent of the Authority, but such distribution must not be of such an amount as to cause the solvency margin of the insurer to fall below that required under section 12 of the Act.

³ G.C. 319/86

- (4) This regulation does not —
- (a) apply to an authorised insurer which is a mutual association;
 - (b) prevent an authorised insurer from setting aside in any year, underwriting reserves in addition to the statutory reserve for the purpose of being used to prevent exceptional fluctuations in the amounts subsequently charged to revenue in respect of claims arising due to the occurrence of events of an exceptional nature.
- (5) In this regulation —
- “adjusted net assets” means the regulatory net assets as shown by the regulatory balance sheet prepared in accordance with regulation 19(2)(c) as adjusted for the purposes of the calculation of the solvency margin;
- “claim” means all claims arising from one event whether under the same contract of insurance or not;
- “distribution” means every description of distribution of an authorised insurer’s assets to its members, whether in cash or otherwise, except a distribution to members of the insurer on its winding up;
- “exposure ratio” means the maximum net retention of an authorised insurer expressed as a percentage of the adjusted net assets;
- “net retention” means the maximum liability of an authorised insurer in respect of any claim arising under any one contract of insurance after taking into account any amount recoverable from reinsurers; and
- “statutory reserve” has the meaning given by paragraph (1).

7 Statutory reserve in respect of long-term business

- (1) An insurer authorised to carry on long-term business which has any reserve which was set aside under regulation 12 of the Insurance Regulations 1986 as it had effect immediately before 31 December 1996 in respect of any long-term business carried out by that insurer must not make the reserve available for distribution except with the prior written consent of the Authority.
- (2) This regulation does not —
- (a) apply to an authorised insurer which is a mutual association;
 - (b) prevent an authorised insurer from setting aside in any year, underwriting reserves in addition to the statutory reserve for the purpose of being used to prevent exceptional fluctuations in the amounts subsequently charged to revenue in respect of claims arising due to the occurrence of events of an exceptional nature.
- (3) In this regulation —

“distribution” means every description of distribution of an authorised insurer’s assets to its members, whether in cash or otherwise, except a distribution to members of the insurer on its winding up;
“statutory reserve” has the meaning given by paragraph (1).

8 Restriction on issue or transfer of shares

- (1) No shares in an authorised insurer or any interest in such shares shall be transferred to or issued to the trustees of a discretionary trust.
- (2) Any person who causes or permits a transfer or issue of shares or an interest in shares in contravention of paragraph (1) shall be guilty of an offence.

9 Registers

- (1) The register of current authorised insurers required to be kept under section 48 must contain the particulars specified in Schedule 1.
- (2) The register of the current holders of permits required to be kept under section 48 must contain the particulars specified in Schedule 2.
- (3) The register of current insurance managers required to be kept under section 48 must contain the particulars specified in Schedule 3.
- (4) The register of former regulated entities required to be kept under section 48 must –
 - (a) contain the same particulars as specified in –
 - (i) Schedule 1 for current authorised insurers;
 - (ii) Schedule 2 for current holders of permits; and
 - (iii) Schedule 3 for current registered insurance managers,as at the date the authorisation or permit was withdrawn or surrendered, or as at the date the registration was cancelled, as the case may be; and
 - (b) include the date the authorisation or permit was withdrawn or surrendered, or the date the registration was cancelled.

10 Exempted insurance business

For the purposes of section 5, the following persons are exempt from the requirement to be an authorised insurer or to hold a permit under section 22, to the extent specified –

- (a) a body registered as a friendly society (but not as a branch of a society) under a Parliamentary enactment having effect in the Island or any part of the United Kingdom in respect of any business which it carries on for or in connection with any of the services

which a friendly society may provide under that or other enactments relating to friendly societies;

- (b) a Trade Union or Employers' Association if the insurance business carried on by it is limited to the provision for its members in the Island of provident benefits or strike benefits;
- (c) a person licensed under section 7 of the Financial Services Act 2008 to undertake Class 1 regulated activities under the Regulated Activities Order 2011⁴ (deposit taking), in respect of insurance business within class 6 or 8 and carried on solely in the course of, or for the purposes of, carrying on Class 1 regulated activities;
- (d) an insurer that —
 - (i) is authorised to carry on an insurance business in the United Kingdom or any member State of the European Union; and
 - (ii) does not have a fixed place of business (other than an agency) in the Island;
- (e) a person who is a member of the Society incorporated by the Lloyd's Act 1871 (an Act of Parliament) in respect of insurance business carried on as such a member.

11 Indemnity insurance for the auditors of authorised insurers

No person shall be appointed as auditor to an authorised insurer unless the person appointed has effected professional indemnity insurance for an amount of not less than ten million pounds.

12 Continuation of certain insurers

The forms of memoranda of continuance for an offshore insurer under section 2(2)(a) of the Companies (Transfer of Domicile) Act 1998 (as modified by Schedule 4 to the Insurance Act 2008) are set out in Schedule 4.

PART II

PERMIT HOLDERS

13 Application of these Regulations to permit holders in respect of long-term business

- (1) Subject to paragraphs (2) and (3), regulations 1, 2, 3, 4, 11 and 17 apply to any person who holds a permit under section 22 in respect of any long-

⁴ SD 0884/11 (as amended by SD 0373/2013, SD 2016/0099, SD 2016/0188 and SD 2017/0344)

term business carried on by that person as they apply to an authorised insurer.

- (2) A person who holds such a permit does not need to comply with regulation 17 if —
 - (a) that person is authorised to carry on long-term business in or from its home jurisdiction;
 - (b) at the same time as any financial statements and reports are submitted to the competent authority in its home jurisdiction, that person submits the same financial statement and reports to the Authority; and
 - (c) at the same time as any solvency calculation is submitted to the competent authority in its home jurisdiction, that person submits the same solvency calculation to the Authority.
- (3) This regulation does not apply to a person who holds a permit under section 22 and who is authorised to carry on an insurance business in the United Kingdom or in a member State of the European Union.
- (4) In this regulation “home jurisdiction” means a jurisdiction acceptable to the Authority.

14 Application of these Regulations to permit holders in respect of non long-term business

- (1) Subject to paragraph (2), regulations 1, 2, 3, 4, 11 and 18 to 24 apply to any person who holds a permit under section 22 in respect of any non long-term business carried on by that person as they apply to an authorised insurer.
- (2) This regulation does not apply to a person who holds a permit under section 22 and who is authorised to carry on an insurance business in the United Kingdom or in a member State of the European Union.

15 Application of Act to permit holders in respect of long-term business

- (1) Subject to paragraphs (2) to (4), sections 12, 12A, 12B, 12C, 12D, 14(2), 14(3), 14(4), 14(5), 15, 18, 21 and 29 shall apply, with the necessary modifications, to a person who holds a permit under section 22 in respect of any long-term business carried on by that person as they apply to an authorised insurer.
- (2) For the purpose of section 12 the holder of such a permit must establish and maintain capital requirements in accordance with the laws of its home jurisdiction.
- (3) Section 29 shall apply to a person who holds such a permit under section 22 only in respect of —
 - (a) a controller of the holder of the permit;

- (b) the most senior executive in the Island responsible for the holder of the permit; and
 - (c) any head office personnel who have direct responsibility for, or who will be overseeing the work of, the holder of the permit.
- (4) Except in relation to the application of section 21 to the holder of such a permit, this regulation does not apply to a person who holds such a permit under section 22 and who is authorised to carry on an insurance business in the United Kingdom or in a member State of the European Union.
- (5) In this regulation “home jurisdiction” means a jurisdiction acceptable to the Authority.

16 Application of Act to permit holders in respect of non long-term business

- (1) Subject to paragraphs (2) and (3), sections 12, 14(2), 14(3), 14(4), 14(5), 15, 18, 21 and 29 shall apply, with the necessary modifications, to a person who holds a permit under section 22 in respect of any non long-term business carried on by that person as they apply to an authorised insurer.
- (2) Section 29 shall apply to a person who holds such a permit under section 22 only in respect of —
- (a) a controller of the holder of the permit;
 - (b) the most senior executive in the Island responsible for the holder of the permit; and
 - (c) any head office personnel who have direct responsibility for, or who will be overseeing the work of, the holder of the permit.
- (3) Except in relation to the application of section 21 to the holder of such a permit, this regulation does not apply to a person who holds a permit under section 22 and who is authorised to carry on an insurance business in the United Kingdom or in a member State of the European Union.

PART III

REPORTING REQUIREMENTS FOR LONG-TERM BUSINESS

17 Reporting requirements for authorised insurers in respect of long-term business

- (1) An insurer authorised to carry on long-term business must complete and submit to the Authority the following regulatory electronic returns (“RER”) in the form published by the Authority from time to time, in respect of any long-term business carried on by that insurer —
- (a) “RER LT1 SCR”, comprising the following forms —

- (i) “Forms 1-5_” which separates the information in sub-paragraph (a)(ii) by the lines of business;
 - (ii) “Form 6_Total_” which collates the economic balance sheet, solvency capital requirement and minimum capital requirement valuation results for the insurer; and
- (b) “RER LT2 Supplementary” comprising “Supplementary – Form 1_” which for the reporting period includes –
 - (i) the change in the excess of assets over liabilities for various components of an insurer’s solvency capital requirement;
 - (ii) the total and any ring fenced cash flows in respect of insurance business written, including premium income, investment income, unrealised and realised gains, claims incurred and expenses incurred;
 - (iii) the summary of an insurer’s investments by type; and
 - (iv) a three year projection of cash flows under the headings reported under sub-paragraph (b)(ii).
- (2) An authorised insurer carrying on long-term business must submit to the Authority the following supplementary information in respect of any long-term business carried on by that insurer –
 - (a) the supplementary information regarding the insurer’s insurance obligations, set out in Part I of Schedule 5;
 - (b) a certificate in the form set out in Part II of Schedule 5 which must be signed by two of the authorised insurer’s directors, at least one of whom must be resident in the Island;
 - (c) an auditor's report in the form set out in Part III of Schedule 5 which must be signed by the insurer's auditors; and
 - (d) a copy of the actuarial report as required by regulation 7 of the Insurance (Long-Term Business Valuation and Solvency) Regulations 2018⁵.
- (3) The information required under paragraphs (1) and (2) must be submitted to the Authority on an annual basis at the same time as the audited accounts of the insurer are submitted.
- (4) The information required under paragraphs (1)(a) and (b)(ii) and (b)(iii) must also be submitted to the Authority on a quarterly basis within three months of each quarter end.

⁵ SD 2018/0193

PART IV

REPORTING REQUIREMENTS FOR NON LONG-TERM BUSINESS

18 Supplementary information – non long-term business

- (1) An insurer authorised to carry on non long-term business must submit the statements, reports, certificates and information set out in paragraphs (2) to (5) (where applicable) to the Authority in respect of any non long-term business carried on by that insurer at the same time as the audited accounts of the insurer are submitted.
- (2) An insurer must submit regulatory financial statements prepared in accordance with regulation 19 in respect of each financial year for which audited accounts are prepared.
- (3) To the extent that the information is not separately identified in the audited accounts or regulatory financial statements, an insurer must submit the information set out in Part I of Schedule 6 in respect of each financial year for which audited accounts are prepared.
- (4) A certificate in the form set out in Part II of Schedule 6 must be attached to the information referred to in paragraph (3) and must be signed by two of the authorised insurer's directors, at least one of whom must be resident in the Island.
- (5) An auditor's report must be given to the Authority by the insurer's auditors in the form set out in Part III of Schedule 6.

19 Regulatory financial statements – non long-term business

- (1) For the purposes of preparing the regulatory financial statements, contracts of insurance which are not insurance contracts for the purposes of the Generally Accepted Accounting Principles adopted by the insurer in question for the preparation of its annual accounts, are deemed to be insurance contracts and must be accounted for accordingly.
- (2) Subject to paragraph (3), the regulatory financial statements must consist of a –
 - (a) regulatory revenue account(s) prepared in accordance with regulation 20;
 - (b) regulatory profit and loss account or regulatory income and expenditure account prepared in accordance with regulation 21;
 - (c) relevant regulatory balance sheet prepared in accordance with regulation 22; and
 - (d) reconciliation of shareholder funds prepared in accordance with regulation 23.

- (3) If the audited accounts reflect transactions or balances of contracts of insurance where all of those contracts of insurance are insurance contracts for the purposes of Generally Accepted Accounting Principles, the authorised insurer may elect not to prepare regulatory financial statements in accordance with paragraph (2)(a) to (c).

This is subject to paragraph (4).

- (4) The Authority may, if it considers it appropriate to do so, require an insurer authorised to carry on non long-term business to prepare regulatory financial statements in accordance with paragraph (2) in respect of any non long-term business carried on by that insurer.
- (5) If an authorised insurer elects under paragraph (3) not to prepare regulatory financial statements, the notes to the audited accounts must include a statement to that effect including the reasons for the election.

20 Regulatory revenue accounts – non long-term business

The regulatory revenue account must be in the form set out in Schedule 7 and must comply with the requirements of that Schedule.

21 Regulatory profit and loss account – non long-term business

- (1) A regulatory profit and loss account or regulatory income and expenditure account must comply with the provisions of this regulation.
- (2) A regulatory profit and loss account must be in the form set out in Part I of Schedule 8 and must comply with the requirements of that Part.
- (3) A regulatory profit and loss account must have annexed to it a statement of reserves in the form set out in Part II of Schedule 8.
- (4) In the case of an authorised insurer which is not trading for profit, a regulatory income and expenditure account must be in the form set out in Part III of Schedule 8 and must comply with the requirements of that Part.

22 Regulatory balance sheet(s) – non long-term business

- (1) A regulatory balance sheet must be in the form set out in Part I of Schedule 9 or, in the case of an authorised insurer not carrying on business for profit, in the form set out in Part II of that Schedule and must comply with the requirements of the relevant Part.
- (2) The regulatory balance sheet must be signed on behalf of the board by two of the directors of the authorised insurer.

23 Reconciliation of shareholder funds – non long-term business

- (1) A reconciliation of shareholder funds must be in the form set out in Schedule 10.

- (2) If an insurer elects under regulation 19(3) not to prepare regulatory financial statements in accordance with regulation 19(2)(a) to (c) the reconciliation of shareholder funds must include a statement to that effect and the reasons for the election.

24 Solvency margins – non long-term business

- (1) The solvency margin to be maintained by an authorised insurer in respect of any non long-term business carried on by that insurer must be that specified in Part I of Schedule 11.
- (2) Part II of Schedule 11 has effect for the purpose of determining the extent to which particular assets may be taken into account.
- (3) Calculation of the solvency margin must be in the manner specified in Part III of Schedule 11.

25 Saving for transitional loan provisions in respect of non long-term business

- (1) This regulation applies in respect of an existing loan approval.
- (2) Subject to paragraphs (3) to (5) –
 - (a) an existing loan approval continues in force and the loan in question is fully admissible under entry D of the table in paragraph 12 of Part II to Schedule 11;
 - (b) an existing loan approval may be amended, renewed or revoked under the old loan provisions; and
 - (c) any such amendment, renewal or revocation has effect for the purposes of these Regulations.
- (3) If at any time an existing loan approval complies with the criteria in paragraphs (13) and (14) of Part II of Schedule 11, paragraph (2) ceases to apply and the new loan provisions apply to the insurer.
- (4) The continuation of the existing loan approval is subject to all of its conditions in force immediately before the coming into operation of these Regulations.
- (5) The Authority may, at any time, amend or revoke any of the conditions of the existing loan approval in a way that is consistent with the new loan provisions.
- (6) In this regulation –

“existing loan approval”, for an authorised insurer in respect of any non long-term business carried on by that insurer, means an approval (in whatever form) by the Authority under the old loan provisions which was still in force immediately before the coming into operation of these Regulations;

“new loan provisions” means entry C to the table in paragraph 12 of Part II of Schedule 11; and

“old loan provisions” means entry C to the table in paragraph 6 of Part II of Schedule 7 to the Insurance Regulations 1986⁶ as in operation immediately before 30 June 2012.

PART V

REVOCATIONS

26 Revocation

The following Regulations are revoked—

- (a) the Insurance Regulations 1986⁷;
- (b) the Insurance (Supplementary Information) Regulations 2016⁸;
- (c) regulation 3 of the Insurance (Solvency) (Amendment) Regulations 2011⁹; and
- (d) regulation 3 of the Insurance (Solvency) (Amendment) Regulations 2012¹⁰.

MADE 28 JUNE 2018

K. BADGEROW
Chief Executive

G.F. KARRAN
Chairman, Isle of Man Financial Services Authority

⁶ GC 319/86

⁷ GC 319/86

⁸ SD 206/0107

⁹ SD 0918/11

¹⁰ SD 0294/12

SCHEDULE 1

[Regulation 9(1)]

REGISTER OF AUTHORISED INSURERS

1. Name of authorised insurer
2. Address of registered office
3. Place of business in Isle of Man (if different to above)
4. Date of authorisation
5. Categories and classes of insurance for which authorisation is granted
6. Date and details of amendment to register
7. Conditions, if any, attaching to authorisation
8. Name of insurance manager (if appointed)
9. Authorisation number

SCHEDULE 2

[Regulation 9(2)]

REGISTER OF HOLDERS OF PERMITS

1. Name of permit holder
2. Address of registered office
3. Place of business in Isle of Man (if different to above)
4. Country of incorporation
5. Date permit granted
6. Classes of insurance business carried on
7. Date and details of amendment to register
8. Conditions, if any, attaching to permission
9. Name of insurance manager (if appointed)
10. Name of Senior Person on Island
11. Registration number



SCHEDULE 3

[Regulation 9(3)]

REGISTER OF INSURANCE MANAGERS

1. Name of insurance manager
2. Address of registered office
3. Place of business in Isle of Man (if different to above)
4. Name of senior representative resident in Island
5. Name of insurers managed in or from Island
6. Name and country of incorporation of each insurer not authorised in Island but managed in or from Island
7. Date of registration
8. Date and details of amendment to register
9. Registration number

SCHEDULE 4

[Regulation 12]

MEMORANDUM OF CONTINUANCE OF AN OFFSHORE INSURER

FORM ONE

***A COMPANY LIMITED BY SHARES
MEMORANDUM OF CONTINUANCE
THE COMPANIES (TRANSFER OF DOMICILE) ACT 1998 (AS AMENDED BY
SCHEDULE 4 TO THE INSURANCE ACT 2008)
THE COMPANIES ACT 1931 – 2004***

PART A

1. The name of the Company from the date of continuance is:
2. The Company is a *private/public company [* delete as appropriate].
3. The liability of the members of the Company is limited.
4. * Restrictions, if any, on the exercise of the rights, powers and privileges of the Company with effect from the date of continuance -
or
* There are no restrictions on the rights, powers and privileges of the Company with effect from the date of continuance.
[* delete as appropriate]
[Restrictions are limited to those permitted by Section 5(6) of the Companies Act 1986].
5. The share capital of the Company is [] divided into [] shares of [] each.
6. The Company was incorporated in [] on the [] day of [] in the name of [] with Registered Number [] and immediately preceding the date of continuance was registered under the name [] .

Adopted by Special Resolution of the Company on []

The summary of capital and shares of the Company; the particulars of the shareholders of the Company, directors, secretary and (as applicable) nominated officer of the Company; the statement of indebtedness in respect of mortgages and charges of the Company; and the intended situation of the Registered Office of the Company are set out in Part B.

Signed on behalf of the Company by: _____
 Full name in block letters: _____
 Status: _____ (Director or Secretary)
 Dated this _____ day of _____ 20 _____



MEMORANDUM OF CONTINUANCE – PART B**SECTION ONE****PARTICULARS OF THE DIRECTORS**

PARTICULARS TO BE PROVIDED IN RESPECT OF EACH PERSON WHO IS A DIRECTOR

Name	
Former name(s)	
Address	
Business Occupation	
Nationality (and Nationality of origin if other than present Nationality)	

I hereby consent to act as director of the Continued Company

Signature _____ Date _____

Name	
Former name(s)	
Address	
Business Occupation	
Nationality (and Nationality of origin if other than present Nationality)	

I hereby consent to act as director of the Continued Company

Signature _____ Date _____

PARTICULARS OF SECRETARY

Name	
Former name(s)	
Address	

I hereby consent to act as Secretary of the Continued Company

Signature Date

NOMINATED OFFICER

Particulars of Nominated Officer (see Beneficial Ownership Act 2017 Notes below)

Name	
Former name(s)	
Address	

I hereby consent to act as Nominated Officer of the Continued Company

Signature Date

If the Beneficial Ownership Act 2017 does not apply to the Continued Company, please complete the Insert Sheet below.



STATEMENT OF INDEBTEDNESS IN RESPECT OF MORTGAGES AND CHARGES

Total amount of the indebtedness of the Company in respect of all mortgages and charges of the kind which are required to be registered with the Department for Enterprise []

INTENDED SITUATION OF REGISTERED OFFICE

The intended situation of the Registered Office of the Company on continuance is as stated below –

SECTION TWO

SUMMARY OF CAPITAL AND SHARES

Nominal Share Capital [] divided into [] shares of [] each.

Number of shares of each class taken up to the date of this Memorandum _____

Number of shares of each class issued subject to payment wholly in cash _____

Number of shares of each class issued as fully paid up otherwise than in cash _____

Number of shares issued as partly paid up to the extent of _____ per share otherwise than in cash _____

Number of shares (if any) of each class issued at a discount _____

Amount of discount on the issue of shares which has not been written off at the date of this return _____

There has been called up on each of _____ shares £ _____

There has been called up on each of _____ shares £ _____

There has been called up on each of _____ shares £ _____

Total amount of calls received, including payments on application and allotment £ _____

Total amount (if any) agreed to be considered as paid on _____ shares which have been issued as fully paid up otherwise than in cash £ _____

Total amount (if any) agreed to be considered as paid on _____ shares which have been issued as partly paid up to the extent of _____ per share otherwise than in cash £ _____

Total amount of calls unpaid £ _____

Total number of shares of each class forfeited £ _____

Total amount paid (if any) on shares forfeited £ _____

Total amount of shares for which share warrants to bearer are outstanding £ _____



Number of shares comprised in each share warrant to bearer, specifying in the case of warrants of different kinds, particulars of each kind

PARTICULARS OF THE SHAREHOLDERS

Name and Address	No. of Shares held	Type of Shares	Denominations

NOTE: Section Two is not applicable in the case of a company not having a share capital.

NOTES

1. Full names must be given. In the case of an individual, the individual's present first name or names and surname must be given. "First name" includes a forename, and "surname" in the case of a peer or person usually known by a title different from the individual's surname means that title. In the case of a corporation which is a secretary, its corporate name must be given.
2. In the case of an individual, any former first names and surname must be given in addition. The expression "first name" includes a forename.
"Former first name" and "former surname" do not include:
 - (a) in the case of a peer or a person usually known by a British title different from his surname, the name by which he was known previous to the adoption of or succession to the title; or
 - (b) in the case of any person, a former first name or surname where that name or surname was changed or disused before the person bearing the name attained the age of eighteen years or has been changed or disused for a period of not less than 20 years; or
 - (c) in the case of an individual whose name or surname has changed as part of a marriage or civil partnership, the name or surname (as the case may be) by which the individual was known previous to the marriage or civil partnership (as the case may be).
3. Usual residential address must be given or, in the case of a corporation which is a secretary, the registered or principal office.
4. In the case of an individual who has no Business Occupation, but holds any other directorship or directorships, particulars of that directorship or one of those directorships.

5. Where all the partners in a firm are joint secretaries the name and principal office address of the firm alone may be stated.

BENEFICIAL OWNERSHIP ACT 2017 NOTES

1. Any references in this document to a “nominated officer” include, in the case where the Company is exempt from the requirement to have a nominated officer, the person authorised by an Order made by Treasury under section 6(8) of the Beneficial Ownership Act 2017, to undertake on behalf of the Company, any role or responsibility for which a nominated officer is responsible under that Act.
2. Section 6(2) of the Beneficial Ownership Act 2017 specifies that “The nominated officer must be –
- (a) a natural person who is resident in the Island; or
 - (b) the holder of a licence issued under section 7 of the Financial Services Act 2008 which permits the holder to carry on the regulated activity (within the meaning of section 3(1) of that Act) of providing corporate services.”

(In the case where the Company is exempt from the requirement to have a nominated officer, the relevant Treasury Order will specify by whom the roles and responsibilities of the nominated officer may be carried out.)

3. In the case of a nominated officer who is a natural person, the officer’s name and home address in the Island must be listed. In all other cases, the officer’s corporate or firm name and registered office or place of business address in the Island must be listed.
4. The Company must give notice to the Department for Enterprise (Companies Registry) of the appointment of its first nominated officer and of the date on which the appointment was made.

The Company must also give notice to the Department for Enterprise (Companies Registry), within one month of the date of:

- (a) an appointment of a nominated officer;
 - (b) a change in a nominated officer; or
 - (c) a change in the details in its record of a nominated officer,
- and of the date on which it occurred.

INSERT SHEET

(This page should only be completed if the Beneficial Ownership Act 2017 does not apply to the Company)

Where the Beneficial Ownership Act 2017 does not apply to the Company please complete the following confirmation statement (Note 1 below).

The Beneficial Ownership Act 2017 does not apply to the Company because –

- The Company is listed on a stock or investment exchange recognized by the Treasury (Note 2 below);
- The Company is a wholly owned subsidiary of a legal entity listed on a stock or investment exchange recognised by Treasury, where the disclosure obligations on the legal entity include beneficial ownership information in respect of the entity and its subsidiaries;
- The Company is one to which an Order made by the Treasury under section 5(4) of the Beneficial Ownership Act 2017 applies (Note 3 below). The Order is:
.....
.....
and I confirm that the Order applies to the Company.

Full Name _____ Date _____

Signed _____ Director/Secretary/Authorised Signatory*

* please delete as appropriate

NOTES in respect of Insert Sheet

1. Section 5(2) of the Beneficial Ownership Act 2017 lists the entities to which that Act does not apply.
2. Section 5(3) of that Act specifies that “an exchange is “recognised” if its name or another suitable description of it is published by the Treasury in such manner as the Treasury determines”.
3. Section 5(4) of the Beneficial Ownership Act 2017 allows the Treasury to amend the list of entities in section 5(2) to which that Act does not apply. If the Treasury has added to the list, details of the relevant Order and confirmation that the Order applies to the Company should be included.

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<https://www.iomfsa.im/terms-conditions/privacy-policy/>

Please call +44 (0)1624 646000 if you have any queries.

FORM TWO

**A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL
MEMORANDUM OF CONTINUANCE
THE COMPANIES (TRANSFER OF DOMICILE) ACT 1998 (AS AMENDED BY
SCHEDULE 4 TO THE INSURANCE ACT 2008)
THE COMPANIES ACTS 1931 - 2004**

PART A

1. The name of the Company from the date of continuance is:
2. The Company is a *private/public company [* delete as appropriate].
3. The liability of the members of the Company is limited.
4. * Restrictions, if any, on the exercise of the rights, powers and privileges of the Company with effect from the date of continuance
or
* There are no restrictions on the rights, powers and privileges of the Company with effect from the date of continuance
[* delete as appropriate]
[Restrictions are limited to those permitted by Section 5(6) of the Companies Act 1986]
5. Every member of the Company undertakes to contribute such amount as may be required (not exceeding [insert limit of liability]) to the assets of the Company in the event of its being wound up while that person is a member or within one year after that person ceases to be a member, for payment of the debts and liabilities of the Company contracted before that person ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves.
6. The Company was incorporated in [] on the [] day of [] in the name of [] with Registered Number [] and immediately preceding the date of continuance was registered under the name [].

Adopted by Special Resolution of the Company on []

The particulars of the directors, secretary and (as applicable) nominated officer of the Company; the statement of indebtedness in respect of mortgages and charges of the Company; and the intended situation of the registered office of the Company are as set out in Part B.

Signed on behalf of the Company by: _____
Full name in block letters: _____
Status: _____ (Director or Secretary)
Dated this _____ day of _____ 20 _____

MEMORANDUM OF CONTINUANCE – PART B**SECTION ONE****PARTICULARS OF THE DIRECTORS**

PARTICULARS TO BE PROVIDED IN RESPECT OF EACH PERSON WHO IS A DIRECTOR

Name	
Former name(s)	
Address	
Business Occupation	
Nationality (and Nationality of origin if other than present Nationality)	

I hereby consent to act as director of the Continued Company

Signature _____ Date _____

Name	
Former name(s)	
Address	
Business Occupation	
Nationality (and Nationality of origin if other than present Nationality)	

I hereby consent to act as director of the Continued Company

Signature _____ Date _____

PARTICULARS OF SECRETARY

Name	
Former name(s)	
Address	

I hereby consent to act as Secretary of the Continued Company

Signature Date

NOMINATED OFFICER

Particulars of Nominated Officer (see Beneficial Ownership Act 2017 Notes below)

Name	
Former name(s)	
Address	

I hereby consent to act as Nominated Officer of the Continued Company

Signature Date

If the Beneficial Ownership Act 2017 does not apply to the Continued Company, please complete the Insert Sheet below.



**STATEMENT OF INDEBTEDNESS IN RESPECT OF MORTGAGES AND
CHARGES**

Total amount of the indebtedness of the Company in respect of all mortgages and charges of the kind which are required to be registered with the Department of Enterprise []

INTENDED SITUATION OF REGISTERED OFFICE

The intended situation of the Registered Office of the Company on continuance is as stated below

BENEFICIAL OWNERSHIP ACT 2017 NOTES

1. Any references in this document to a “nominated officer” include, in the case where the Company is exempt from the requirement to have a nominated officer, the person authorised by an Order made by Treasury under section 6(8) of the Beneficial Ownership Act 2017, to undertake on behalf of the Company, any role or responsibility for which a nominated officer is responsible under that Act.
2. Section 6(2) of the Beneficial Ownership Act 2017 specifies that “The nominated officer must be —
 - (a) a natural person who is resident in the Island; or
 - (b) the holder of a licence issued under section 7 of the Financial Services Act 2008 which permits the holder to carry on the regulated activity (within the meaning of section 3(1) of that Act) of providing corporate services.”

(In the case where the Company is exempt from the requirement to have a nominated officer, the relevant Treasury Order will specify by whom the roles and responsibilities of the nominated officer may be carried out.)

3. In the case of a nominated officer who is a natural person, the officer’s name and home address in the Island must be listed. In all other cases, the officer’s corporate or firm name and registered office or place of business address in the Island must be listed.
4. The Company must give notice to the Department for Enterprise (Companies Registry) of the appointment of its first nominated officer and of the date on which the appointment was made.

The Company must also give notice to the Department for Enterprise (Companies Registry), within one month of the date of:

- (a) an appointment of a nominated officer;
- (b) a change in a nominated officer; or
- (c) a change in the details in its record of a nominated officer,

and of the date on which it occurred.

INSERT SHEET

(This page should only be completed if the Beneficial Ownership Act 2017 does not apply to the Company)

Where the Beneficial Ownership Act 2017 does not apply to the Company please complete the following confirmation statement (Note 1 below).

The Beneficial Ownership Act 2017 does not apply to the Company because –

- The Company is listed on a stock or investment exchange recognized by the Treasury (Note 2 below);
- The Company is a wholly owned subsidiary of a legal entity listed on a stock or investment exchange recognised by Treasury, where the disclosure obligations on the legal entity include beneficial ownership information in respect of the entity and its subsidiaries;
- The Company is one to which an Order made by the Treasury under section 5(4) of the Beneficial Ownership Act 2017 applies (Note 3 below). The Order is:

.....
.....

and I confirm that the Order applies to the Company.

Full Name _____ Date _____

Signed _____ Director/Secretary/Authorised Signatory*

* please delete as appropriate

NOTES in respect of Insert Sheet

1. Section 5(2) of the Beneficial Ownership Act 2017 lists the entities to which that Act does not apply.
2. Section 5(3) of that Act specifies that “an exchange is “recognised” if its name or another suitable description of it is published by the Treasury in such manner as the Treasury determines”.
3. Section 5(4) of the Beneficial Ownership Act 2017 allows the Treasury to amend the list of entities in section 5(2) to which that Act does not apply. If the Treasury has added to the list, details of the relevant Order and confirmation that the Order applies to the Company should be included.



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Please call +44 (0)1624 646000 if you have any queries.

FORM THREE

**A COMPANY LIMITED BY GUARANTEE AND HAVING A SHARE CAPITAL
MEMORANDUM OF CONTINUANCE
THE COMPANIES (TRANSFER OF DOMICILE) ACT 1998 (AS AMENDED BY
SCHEDULE 4 TO THE INSURANCE ACT 2008)
THE COMPANIES ACTS 1931 - 2004**

PART A

1. The name of the Company from the date of continuance is:
2. The Company is a *private/public company [* delete as appropriate].
3. The liability of the members of the Company is limited.
4. * Restrictions, if any, on the exercise of the rights, powers and privileges of the Company with effect from the date of continuance
or
* There are no restrictions on the rights, powers and privileges of the Company with effect from the date of continuance
[* delete as appropriate]
[Restrictions are limited to those permitted by Section 5(6) of the Companies Act 1986]
5. Every member of the Company undertakes to contribute such amount as may be required (not exceeding [insert limit of liability]) to the assets of the Company in the event of its being wound up while that person is a member or within one year after that person ceases to be a member, for payment of the debts and liabilities of the Company contracted before that person ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves.
6. The share capital of the Company is [] divided into [] shares of [] each.
7. The Company was incorporated in [] on the [] day of [] in the name of [] with Registered Number [] and immediately preceding the date of continuance was registered under the name [].

Adopted by Special Resolution of the Company on []

The summary of capital and shares of the Company, the particulars of the shareholders, directors, secretary and (as applicable) nominated officer of the Company; the statement of indebtedness in respect of mortgages and charges of the Company; and the intended situations of the Registered Office of the Company are as set out in Part B.

Signed on behalf of the Company by: _____
Full name in block letters: _____
Status: _____ (Director or Secretary)
Dated this _____ day of _____ 20 _____

MEMORANDUM OF CONTINUANCE – PART B**SECTION ONE****PARTICULARS OF THE DIRECTORS**

PARTICULARS TO BE PROVIDED IN RESPECT OF EACH PERSON WHO IS A DIRECTOR

Name	
Former name(s)	
Address	
Business Occupation	
Nationality (and Nationality of origin if other than present Nationality)	

I hereby consent to act as director of the Continued Company

Signature _____ Date _____

Name	
Former name(s)	
Address	
Business Occupation	
Nationality (and Nationality of origin if other than present Nationality)	

I hereby consent to act as director of the Continued Company

Signature _____ Date _____

PARTICULARS OF SECRETARY

Name	
Former name(s)	
Address	

I hereby consent to act as Secretary of the Continued Company

Signature Date

NOMINATED OFFICER

Particulars of Nominated Officer (see Beneficial Ownership Act 2017 Notes below)

Name	
Former name(s)	
Address	

I hereby consent to act as Nominated Officer of the Continued Company

Signature Date

If the Beneficial Ownership Act 2017 does not apply to the Continued Company, please complete the Insert Sheet below.



***STATEMENT OF INDEBTEDNESS IN RESPECT OF MORTGAGES AND
CHARGES***

Total amount of the indebtedness of the Company in respect of all mortgages and charges of the kind which are required to be registered with the Department for Enterprise []

INTENDED SITUATION OF REGISTERED OFFICE

The intended situation of the Registered Office of the Company on continuance is as stated below

-

SECTION TWO**SUMMARY OF CAPITAL AND SHARES**

Nominal Share Capital [] divided into [] shares of [] each.

Number of shares of each class taken up to the date of this Memorandum

Number of shares of each class issued subject to payment wholly in cash

Number of shares of each class issued as fully paid up otherwise than in cash

Number of shares issued as partly paid up to the extent of _____ per share otherwise than in cash

Number of shares (if any) of each class issued at a discount

Amount of discount on the issue of shares which has not been written off at the date of this return

There has been called up on each of _____ shares £ _____

There has been called up on each of _____ shares £ _____

There has been called up on each of _____ shares £ _____

Total amount of calls received, including payments on application and allotment £ _____

Total amount (if any) agreed to be considered as paid on _____ shares which have been issued as fully paid up otherwise than in cash £ _____

Total amount (if any) agreed to be considered as paid on _____ shares which have been issued as partly paid up to the extent of _____ per share otherwise than in cash £ _____

Total amount of calls unpaid £ _____

Total number of shares of each class forfeited £ _____

Total amount paid (if any) on shares forfeited £ _____

Total amount of shares for which share warrants to bearer are outstanding £ _____

Number of shares comprised in each share warrant to bearer, specifying in the case of warrants of different kinds, particulars of each kind

PARTICULARS OF THE SHAREHOLDERS

Name and Address	No. of Shares held	Type of Shares	Denominations

NOTE: Section Two is not applicable in the case of a company not having a share capital.

NOTES

1. Full names must be given. In the case of an individual, the individual's present first name or names and surname must be given. "First name" includes a forename, and "surname" in the case of a peer or person usually known by a title different from the individual's surname means that title. In the case of a corporation which is a secretary, its corporate name must be given.
2. In the case of an individual, any former first names and surname must be given in addition. The expression "first name" includes a forename.
 "Former first name" and "former surname" do not include:
 - (a) in the case of a peer or a person usually known by a British title different from his surname, the name by which he was known previous to the adoption of or succession to the title; or
 - (b) in the case of any person, a former forename or surname where that name or surname was changed or disused before the person bearing the name attained the age of eighteen years or has been changed or disused for a period of not less than 20 years; or
 - (c) in the case of an individual whose name or surname has changed as part of a marriage or civil partnership, the name or surname (as the case may be) by which the individual was known previous to the marriage or civil partnership (as the case may be).
3. Usual residential address must be given or, in the case of a corporation which is a secretary, the registered or principal office.
4. In the case of an individual who has no Business Occupation, but holds any other directorship or directorships, particulars of that directorship or one of those directorships.

5. Where all the partners in a firm are joint secretaries the name and principal office address of the firm alone may be stated.

BENEFICIAL OWNERSHIP ACT 2017 NOTES

1. Any references in this document to a “nominated officer” include, in the case where the Company is exempt from the requirement to have a nominated officer, the person authorised by an Order made by Treasury under section 6(8) of the Beneficial Ownership Act 2017, to undertake on behalf of the Company, any role or responsibility for which a nominated officer is responsible under that Act.
2. Section 6(2) of the Beneficial Ownership Act 2017 specifies that “The nominated officer must be –
- (a) a natural person who is resident in the Island; or
 - (b) the holder of a licence issued under section 7 of the Financial Services Act 2008 which permits the holder to carry on the regulated activity (within the meaning of section 3(1) of that Act) of providing corporate services.”

(In the case where the Company is exempt from the requirement to have a nominated officer, the relevant Treasury Order will specify by whom the roles and responsibilities of the nominated officer may be carried out.)

3. In the case of a nominated officer who is a natural person, the officer’s name and home address in the Island must be listed. In all other cases, the officer’s corporate or firm name and registered office or place of business address in the Island must be listed.
4. The Company must give notice to the Department for Enterprise (Companies Registry) of the appointment of its first nominated officer and of the date on which the appointment was made.

The Company must also give notice to the Department for Enterprise (Companies Registry), within one month of the date of:

- (a) an appointment of a nominated officer;
 - (b) a change in a nominated officer; or
 - (c) a change in the details in its record of a nominated officer,
- and of the date on which it occurred.

INSERT SHEET

(This page should only be completed if the Beneficial Ownership Act 2017 does not apply to the Company)

Where the Beneficial Ownership Act 2017 does not apply to the Company please complete the following confirmation statement (Note 1 below).

The Beneficial Ownership Act 2017 does not apply to the Company because –

- The Company is listed on a stock or investment exchange recognized by the Treasury (Note 2 below);
- The Company is a wholly owned subsidiary of a legal entity listed on a stock or investment exchange recognised by Treasury, where the disclosure obligations on the legal entity include beneficial ownership information in respect of the entity and its subsidiaries;
- The Company is one to which an Order made by the Treasury under section 5(4) of the Beneficial Ownership Act 2017 applies (Note 3 below). The Order is:
.....
.....
and I confirm that the Order applies to the Company.

Full Name _____ Date _____

Signed _____ Director/Secretary/Authorised Signatory*

* please delete as appropriate

NOTES in respect of Insert Sheet

1. Section 5(2) of the Beneficial Ownership Act 2017 lists the entities to which that Act does not apply.
2. Section 5(3) of that Act specifies that “an exchange is “recognised” if its name or another suitable description of it is published by the Treasury in such manner as the Treasury determines”.
3. Section 5(4) of the Beneficial Ownership Act 2017 allows the Treasury to amend the list of entities in section 5(2) to which that Act does not apply. If the Treasury has added to the list, details of the relevant Order and confirmation that the Order applies to the Company should be included.

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SCHEDULE 5

[Regulation 17(2)]

**PART I - LONG-TERM BUSINESS SUPPLEMENTARY INFORMATION –
INSURANCE OBLIGATIONS**

An insurer must provide the following information to the Authority:

- (1) For each type of contract of insurance, details of the contract type including –
 - (a) a description of the premiums and benefits under the contract, including any discretionary benefits, and how they are determined;
 - (b) details of the charges including whether or not they may be varied and any restrictions on increases;
 - (c) any options or guarantees; and
 - (d) a description of any other features of the contract not disclosed above which are material to the method and basis of valuation of the insurers technical provisions in accordance with the Insurance (Long-Term Business Valuation and Solvency) Regulations 2018¹¹.
- (2) The information required by paragraph (1) above need not be provided for types of contract where the technical provisions at the valuation date in respect of the contract type in question represent less than 1% of the total technical provisions unless the insurer considers that the disclosure to the Authority is required.
- (3) For each type of contract of insurance, a breakdown by product at the valuation date of the following information –
 - (a) number of policies;
 - (b) annualised premium payable;
 - (c) benefits currently guaranteed on death; and
 - (d) benefits currently guaranteed at maturity.
- (4) The information provided in paragraph (3) shall be shown and totalled separately for –
 - (a) direct business and reinsurance accepted; and
 - (b) reinsurance ceded.
- (5) A detailed description by product of any reinsurance contracts, including finite and financial reinsurance, that are in force at the valuation date, to include—
 - (a) whether the insurer is the cedant or the reinsurer;

¹¹ SD 2018/0193

- (b) the name of the reinsurer (or cedant if appropriate);
 - (c) whether the insurer and reinsurer (or cedant if appropriate) are connected;
 - (d) the nature and extent of the cover given under the treaty;
 - (e) the premium payable/receivable in the year preceding the valuation date;
 - (f) claims payable/receivable in the year preceding the valuation date;
 - (g) the amount deposited at the valuation date in respect of the treaty under any deposit back arrangements;
 - (h) details of any commission loan advances (or financing payments having an equivalent effect) and outstanding balances;
 - (i) if the insurer is the cedant, the extent to which provision has been made for any liability of the insurer to refund any amounts of reinsurance commission in the event of lapses or surrenders of the contract; and
 - (j) whether the treaty is open or closed to new business.
- (6) A description of the method of apportionment used to determine the breakdown of expenses incurred by the insurer in the year preceding the valuation date into the categories set out in Supplementary – Form 1 in accordance with regulation 17(1)(b)(ii).

PART II - DIRECTORS' CERTIFICATE (LONG-TERM INSURERS)

**Directors' certification to the Isle of Man Financial Services Authority in respect of
[insert company name] ("the Company")**

- (1) We confirm that the Company has complied with the requirements of the Insurance Act 2008, the Insurance Regulations 2018 and the Insurance (Long Term Business Valuation and Solvency) Regulations 2018 during the financial year ended (**insert balance sheet date**).
- (2) Subject to permitted estimations and approximations, we certify the accuracy of the information contained in the regulatory electronic returns required by regulation 17(1).
- (3) We certify that as at the balance sheet date no charge had been made on the assets of the Company to secure the liabilities of any other person (except as stated in notes to the audited accounts*) and there has been no charge since that date.
- (4) We certify that there was no material change in the share ownership or share structure of the Company during the financial year (apart from the change notified to the Isle of Man Financial Services Authority in writing on [insert date(s)]*).

Director

Director

Date

* Delete or include as appropriate

PART III - AUDITOR'S REPORT (LONG-TERM INSURERS)

Auditors' Report in respect of [insert company name] ('the Company')

To the Authority

We have examined the information furnished pursuant to regulation 17(1) of the Insurance Regulations 2018.

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

- (1) all of the information required by regulation 17(1)(a) and 17(1)(b)(ii) and (iii) of those Regulations as is relevant to the business carried on by the company has been properly prepared in all material respects; and
- (2) nothing has come to our attention that would indicate that it was not reasonable for the directors giving the certificate under regulation 17(2)(b) of those Regulations to have made the statements contained in paragraphs 2 and 3 of that certificate.

Date

Signed

Qualification

SCHEDULE 6

[Regulation 18]

PART I - SUPPLEMENTARY INFORMATION (NON LONG-TERM BUSINESS)

The information required to be submitted by regulation 18(3) is as follows —

- (1) an analysis of the regulatory revenue account (if not separately identified in regulatory financial statements) between —
 - (a) marine, aviation and transport (class 3);
 - (b) motor (class 5);
 - (c) liability (class 7); and
 - (d) other classes;
- (2) a schedule of maximum retentions, net of reinsurance, any one risk or event for each and every class of business, based on —
 - (a) policy limits; and
 - (b) estimated maximum loss (if applicable);
- (3) a summary of reinsurance business ceded or retroceded, stating for each class of insurance and/or contract the type of reinsurance cover —
 - (a) threshold and limit of any one risk/any one event and in aggregate;
 - (b) basis of premium payable and commission receivable; and
 - (c) 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) 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);
- (5) the analysis required by sub-paragraph (4) must indicate —
 - (a) 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; and
- (b) 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;
- (6) 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; and
 - (i) other material terms or conditions;
- (7) 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; and
- (8) a statement of the solvency margin of the insurer in the form prescribed in regulation 24.

PART II - DIRECTORS' CERTIFICATE (NON LONG-TERM BUSINESS)

Directors' certification to the Isle of Man Financial Services Authority in respect of [insert company name] ('the Company')

We certify that:

1. The Company complied with the requirements of the Insurance Act 2008 and the Insurance Regulations 2018 during the financial year ended **[insert balance sheet date]**.
2. The supplementary information submitted with the audited accounts for that period has been compiled in accordance with the Insurance Regulations 2018.
3. The excess of adjusted net assets (calculated in accordance with the Insurance Regulations 2018) over the required minimum solvency margin at the end of that year was **[insert amount and currency]**.
4. As at the balance sheet date no charge had been made on the assets of the Company to secure the liabilities of any other person (except as stated in notes to the audited accounts*) and there has been no charge since that date.
5. There was no material change in the share ownership or share structure of the Company during the financial year (apart from the change notified to the Isle of Man Financial Services Authority in writing on **[insert date(s)]***).

Director

Director

Date

* Delete or include as appropriate

PART III - AUDITOR'S REPORT (NON LONG-TERM BUSINESS)

Auditors' Report in respect of [insert company name] ('the Company')

To the Isle of Man Financial Services Authority

We have examined the information furnished pursuant to regulation 18 of the Insurance Regulations 2018 in respect of the financial year ended **[insert balance sheet date]**.

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

- (i) all of the information prescribed in regulation 18 of those Regulations as is relevant to the business carried on by the Company has been properly prepared; and
- (ii) it was reasonable for the directors giving the certificate under regulation 18(4) of those Regulations to have made the statements contained in paragraphs 2, 3, and 4 of that certificate.

Date

Signed

[Name of auditor]

[Relevant qualification of auditor]

SCHEDULE 7

[Regulation 20]

REGULATORY REVENUE ACCOUNT (NON LONG-TERM BUSINESS)*(for business accounted for on an annual basis)***Premiums**

Gross premiums receivable	X	
Reinsurance premiums payable	(X)	
Net premiums written	<u>X</u>	
(Increase) /decrease in unearned premiums	<u>(X)</u>	X
(Increase)/decrease in provision for unexpired risks		(X)

Claims

Gross *	(X)	
Recoverable from reinsurers *	<u>X</u>	(X)

Commission and Expenses

Commission payable	(X)	
Expenses	<u>(X)</u>	
	(X)	
Commission receivable	X	
(Increase)/decrease in deferred acquisition costs	<u>(X)</u>	(X)

Underwriting profit/(loss)		<u>(X)</u>
Attributable investment return (note 3)		X
Insurance profit/(loss)		<u>X</u>

NOTES

1. Corresponding figures to be given for preceding accounting period.
2. Items which are marked with an asterisk may be disclosed by way of note.
3. The inclusion in this statement of part of the investment return is optional (see Note 2 to Part I of Schedule 8).
4. Where, in the opinion of the directors, it is desirable to improve the understanding of the regulatory financial statements, material components of a relevant heading may be disclosed separately on the face of the regulatory revenue account, or separately by way of note.
5. Where an item is nil in both the period and the preceding period, the relevant heading may be omitted.

SCHEDULE 8

[Regulation 21]

PART I - REGULATORY PROFIT AND LOSS ACCOUNT (NON LONG-TERM BUSINESS)

Transfer from / (to) insurance accounts

Regulatory revenue account		X
		<u>X</u>

Investment return (excluding long-term business)

Investment income	X	
Gains / (losses) on investments		
Realised	X	
Unrealised	X	
	<u>X</u>	
Allocated to regulatory revenue account	(X)	
		<u>X</u>
		X
Differences on exchange		X
Loan interest payable	(X)	
Other expenses	(X)	
		<u>(X)</u>
Profit / (loss) before taxation		X
Taxation		(X)
Profit / (loss) after taxation		X
Extraordinary items		(X)
		<u>X</u>
Unrealised gains on investments, less taxation, transferred to revaluation reserve	(X)	
Transfer (to) / from statutory reserve	(X)	
		<u>(X)</u>
Profit available for appropriation		X
Dividends paid and proposed		(X)
Retained profit/(loss)		<u>X</u>

NOTES

1. Corresponding figures to be given for preceding accounting period.
2. Total realised gains/(losses) on investments may be included either in the regulatory profit and loss account or as a movement on reserves. Where realised gains/(losses) on investments are included in the regulatory profit and loss account, total unrealised gains/(losses) on investments may also be included in the regulatory profit and loss account (otherwise they are to be shown as a movement on reserves). If realised/unrealised investment gains/(losses) are included in the regulatory profit and loss account, the whole or any part of such gains/(losses) may, at the company's option, be allocated to the regulatory revenue account. Realised/unrealised gains/(losses) shown as a movement on reserves are not to be allocated to the regulatory revenue account.
3. Unrealised differences on exchange may be included wholly or partly in the regulatory profit and loss account or as movement on revaluation reserve.
4. Where, in the opinion of the directors, it is desirable to improve the understanding of the regulatory financial statements, material components of a relevant heading may be disclosed separately on the face of the regulatory profit and loss account, or separately by way of note.
5. Where an item is nil in both the period and the preceding period, the relevant heading may be omitted.

PART II - STATEMENT OF RESERVES (NON LONG-TERM BUSINESS)

	Share premium account	Statutory reserve	Revaluatio n reserve	Distributable reserve
Accumulated reserves brought	X	X	X	X
Unrealised gains / (losses) on investment, less	-	-	X	-
Unrealised difference on exchange, less	-	-	X	-
Transfer on realisation of revaluation gains	-	-	(X)	X
Realised gains / (losses) on investment, less taxation	-	-	-	X
Transfer from (to) regulatory profit and loss	-	X	X	X
Other items, less taxation (to be specified)	X	-	X	X
Accumulated reserves carried forward	X	X	X	X

NOTES

1. Any deficit on revaluation reserve must be made good by a transfer from distributable reserves.
2. Where there are nil items the relevant headings may be omitted.
3. Where the authorised insurer has established a reserve other than those itemised above, this must be shown separately together with an explanation of the nature of the reserve.
4. Where, in the opinion of the directors, it is desirable to improve the understanding of the regulatory financial statements, material components of a relevant heading may be disclosed separately on the face of the statement of reserves, or separately by way of note.

PART III - REGULATORY INCOME AND EXPENDITURE ACCOUNT

*(for a mutual association carrying on non long-term business)***Premiums / contributions**

Advance premiums / contributions receivable from members	X	
Supplementary premiums / contributions receivable from members	X	
	<u>X</u>	
Reinsurance premiums payable	(X)	
	<u>(X)</u>	X

Investment return

Investment income	X	
Gains / (losses) on investments		
Realised	X	
Unrealised	X	
	<u>X</u>	X

Claims

Claims paid *	(X)	
Recoverable from reinsurers *	(X)	
	<u>(X)</u>	X

Expenses		(X)
Differences on exchange		(X)
Other items (to be specified)		(X)
		<u>X</u>

Transfer to reserves		(X)
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Retained to fund available for outstanding and unreported claims		<u>X</u>
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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. Unrealised investment gains may be taken directly to reserves.
4. Unrealised differences on exchange may be included wholly or partly in the income and expenditure account or as a movement on revaluation reserve.
5. Where, in the opinion of the directors, it is desirable to improve the understanding of the regulatory financial statements, material components of a relevant heading may be disclosed separately on the face of the regulatory income and expenditure account, or separately by way of note.
6. Where there are nil items the relevant heading may be omitted.

SCHEDULE 9

[Regulation 22]

PART I - REGULATORY BALANCE SHEET (NON LONG-TERM BUSINESS)

Tangible fixed assets		X
Investments in related companies		X
Other investments		
Property *	X	
Fixed interest securities *	X	
Deposits, loans and mortgages *	X	
Ordinary shares and unit trusts *	X	
Other investments *	X	
	<u> </u>	X
Other assets		
Deposits with reinsurers	X	
Amounts withheld by ceding companies	X	
Other insurance debtors	X	
Bank balances and cash	X	
Miscellaneous	X	
	<u> </u>	X
		<u> </u>
		X
Non long-term insurance provisions		
Unearned premiums	(X)	
Deferred acquisition costs	X	
	<u> </u>	
		(X)
Unexpired risks	(X)	
Claims (including claims incurred but not reported)	(X)	
	<u> </u>	(X)
Other liabilities		
Deposits by ceding insurers	(X)	
Amounts withheld from reinsurers	(X)	
Other insurance creditors	(X)	
Bank loans and overdrafts	(X)	
Taxation	(X)	
Proposed dividend	(X)	
Miscellaneous	(X)	
	<u> </u>	(X)
		<u> </u>
Regulatory net assets		X

X

Representing:

Share capital	X	
Share premium account	X	
Statutory reserve	X	
Revaluation reserve	X	
Distributable reserve	X	
Shareholders' funds		X
		<hr/> X <hr/>

NOTES

1. Corresponding figures to be given for preceding accounting period.
2. Items which are marked with an asterisk may be disclosed by way of note.
3. Where, in the opinion of the directors, it is desirable to improve the understanding of the regulatory financial statements, material components of a relevant heading may be disclosed separately on the face of the regulatory balance sheet, or separately by way of note.
4. Where there are nil items in both the period and the preceding period the relevant heading may be omitted.

PART II - REGULATORY BALANCE SHEET
(for a mutual association carrying on non long-term business)

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

NOTES

1. Corresponding figures to be given for preceding accounting period.
2. Items which are marked with an asterisk may be disclosed by way of note.
3. Where, in the opinion of the directors, it is desirable to improve the understanding of the regulatory financial statements, material components of a relevant heading may be disclosed separately on the face of the regulatory balance sheet, or separately by way of note.
4. Where there are nil items in both the period and the preceding period the relevant heading may be omitted.

SCHEDULE 10

[Regulation 23]

RECONCILIATION OF SHAREHOLDER FUNDS (NON LONG-TERM BUSINESS)

Capital and reserves as shown in the audited accounts		X
Adjustment for:		
Deferred acquisition costs	X	
Deferred fee in	X	
Non-unit reserves	X	
Other (to be specified)	X	
	<hr/>	X
Regulatory net assets as shown in the regulatory balance sheet		<hr/> <hr/>

NOTES

1. Corresponding figures to be given for preceding accounting period.
2. Where, in the opinion of the directors, it is desirable to improve the understanding of the regulatory financial statements, material components of a relevant heading may be disclosed separately on the face of the reconciliation of shareholder funds, or separately 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 11

[Regulation 24]

PART I - SOLVENCY MARGINS – NON LONG-TERM BUSINESS

- (1) The minimum solvency margin of an insurer to carry on –
 - (a) general business within classes 3 to 9 shall be 15% of net premiums written, or £150,000, whichever is the greater;
 - (b) reinsurance business within class 11 shall be £100,000;
 - (c) non long-term business within class 12 shall be £50,000 plus –
 - (i) 10% of net premiums written up to 2 million pounds; and
 - (ii) 5% of net premiums written in excess of 2 million pounds.
- (2) Where an authorised insurer carries on more than one category of business, the minimum solvency margin shall be the sum of the solvency margins required for each category carried on.
- (3) In paragraph 1 “net premiums written” means the premium income receivable in the insurer’s last preceding financial year net of reinsurance and reduced by any rebates or refunds, but where an insurer has not completed its first financial year, the net premiums written shall be taken to be the amount stated in its application for authorisation as the maximum aggregate net premiums which will be written in the first year.

PART II - ADMISSIBILITY OF ASSETS

(1) In this Part —

“**the aggregated funds**” means the sum of the regulatory net assets and the non long-term insurance provisions as shown by the regulatory balance sheet prepared in accordance with regulation 18(2)(c);

“**approved investments**” means —

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

“**associate**” includes, without prejudice to section 54 of the Act, the insurer’s holding company within the meaning of section 1 of the Companies Act 1974, any other subsidiary of that holding company and the controller and insurance manager of the insurer;

“**debt**” (without limiting any other meaning of the term debt), in relation to an insurer, includes assets representing amounts that may become due to the insurer on a contingent basis;

“**investments**” includes securities;

“**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 principal amount of the loan and includes accrued interest as at the balance sheet date and other applicable charges relating to the loan that are payable to the insurer;

“**premium**” that is a debt of an insurer, as referred to in entry G or H of the table in paragraph (11) also includes debts relating to return reinsurance premium receivable by the insurer;

“**recognised exchange**” means The London Stock Exchange and any recognised investment exchange under the Financial Services and Markets Act 2000 (an Act of Parliament) and any other investment exchange which is acceptable to the Authority;

“**regulatory net assets**” means the regulatory net assets as shown by the regulatory balance sheet prepared in accordance with regulation 18(2)(c).

- (2) In the application of this Part to mutual associations, references to “regulatory net assets” and “non long-term insurance provisions” shall be construed as references to “the sum of the guarantee fund and the reserves” and “the fund available for outstanding and unreported claims” respectively.
- (3) Subject to paragraph (4), an asset subject to a third party charge shall be admissible only to the extent that it exceeds the amount outstanding under the charge.
- (4) Paragraph (3) shall not apply in respect of an asset subject to a third party charge where that charge only secures a liability which arises out of an arrangement under which the third party agrees to guarantee the payment of any claim made under a contract of insurance effected by the insurer.
- (5) In paragraphs (3) and (4), “asset subject to a third party charge” means an asset of an insurer which is subject to any mortgage, charge, lien or other arrangement (including any arrangement whereby any premiums paid to, or assets of, the insurer are held in trust) to secure a liability of a third party.
- (6) For the purposes of entry B within the table in paragraph (11), the calculations shall be based upon —
 - (a) valuations by independent professional valuers made within the period of 3 years immediately preceding the balance sheet date; or
 - (b) the purchase price, if the land or buildings were purchased in an arms length transaction within that period.
- (7) An asset falling within entry C of the table in paragraph (11) shall not be admissible for the purposes of calculating the solvency margin of the insurer if it is leased by the insurer or is subject to a hire purchase or conditional sale agreement or any financial arrangement under which the property in the asset is not vested in the insurer.
- (8) Where an insurer holds any units in an acceptable scheme, then, for the purposes of calculating the solvency margin of that insurer, the holding may be treated as a holding of the property of the scheme (other than any part of such property which is not attributable to the units) in proportion to the number of units in the scheme held by the insurer.

- (9) For the purposes of paragraph (8), an “acceptable scheme” is a collective investment scheme which the Authority has confirmed in writing is acceptable to it.
- (10) Expressions used in paragraphs (8) and (9) have the same meaning as in the Collective Investment Schemes Act 2008.
- (11) Subject to the provisions of this Part, the assets of the company, described in column 1 of the following table shall not be admissible for the purposes of calculating the solvency margin of an insurer to the extent specified in column 2 —

TABLE

ASSETS	AMOUNT NOT ADMISSIBLE
A. Investments (other than land and buildings)	
(a) Approved investments:	in respect of each holding, the amount in excess of 20% of the aggregated funds.
(b) Other investments listed on a recognised exchange:	in respect of each holding, the amount in excess of 10% of the aggregated funds.
(c) Investments (other than those falling within head (b)) in, or amounts owing by any associate of the insurer:	the aggregate amount in excess of 25% of the regulatory net assets.
(d) Any other unlisted investments:	the aggregate amount in excess of 10% of the regulatory net assets
B. Land and buildings	
(a) All land and buildings (including those falling within head (b)):	the aggregate amount in excess of 25% of the aggregated funds
(b) Land and buildings occupied by the insurer or an associate of the insurer:	the aggregate amount in excess of 10% of regulatory net assets.
C. Tangible fixed assets (other than those described elsewhere in this Table):	the aggregate amount in excess of 10% of the regulatory net assets.
D. Intangible fixed assets:	not admissible.
E. Deferred acquisition costs:	the aggregate amount in excess of 20% of the unearned premium provision as shown by the regulatory balance sheet prepared in accordance with regulation 17(2)(c).

- F. Debts (other than those falling within entry A, G, H or paragraph 12) which have been outstanding, whether due or not, for more than 12 months at the balance sheet date: not admissible.
- G. Subject to heads (i) and (ii) and entries I and J, the period referred to in entry F shall instead be 3 months commencing from the date when a debt falling under one or more of heads (a) to (f) is no longer offset by a liability provision (and is therefore no longer admissible) in accordance with that entry.
- (a) Premium receivable or potentially receivable by an insurer (debt), in the amount by which that debt is offset by a provision of the insurer for any unearned portion of that debt (liability provision), is admissible for the purposes of calculating the solvency margin of the insurer.
- (b) Commission receivable or potentially receivable by an insurer (debt), in the amount by which that debt is offset by a provision of the insurer for any unearned portion of that debt (liability provision), is admissible for the purposes of calculating the solvency margin of the insurer.
- (c) Claims or expenses recoverable or potentially recoverable by an insurer under an outward reinsurance contract of the insurer (debt), in the amount by which that debt is offset by a provision of the insurer for actual or potential claims or expenses reinsured under that contract (liability provision), are admissible for the purposes of calculating the solvency margin of the insurer.
- (d) Additional premium receivable or potentially receivable by an insurer under a contract of the insurer, to which it is entitled as a result of the occurrence of claims or expenses payable by the insurer under that contract (debt), in the amount by which that debt is offset by a provision of the insurer for those claims or expenses (liability provision), is admissible for the

purposes of calculating the solvency margin of the insurer.

- (e) A debt of an insurer that the insurer has the right to net off under a contract of the insurer against a liability or potential liability of the insurer, in the amount by which that debt is offset by a provision of the insurer for that liability (liability provision), is admissible for the purposes of calculating the solvency margin of the insurer.
- (f) A debt of an insurer, in the amount by which that debt is offset by a corresponding provision of the insurer for bad and doubtful debts (liability provision), is admissible for the purposes of calculating the solvency margin of the insurer.

In this entry —

- (i) a debt is no longer offset by a liability provision from the date (and to the degree) the liability provision would no longer appear with the debt on the same balance sheet of the insurer in question if the insurer were to prepare a balance sheet on, and made up to, that date; and
- (ii) the 3 month period shall apply only to that part of a debt which is no longer offset under one or more of heads (a) to (f).

H. Subject to entries I and J —

- (a) for a debt representing additional premium receivable or potentially receivable by an insurer to which it is entitled as a result of a declaration or potential declaration to the insurer of asset values or exposure values insured by the insurer under a declaration policy it has written, the period referred to in entry F shall instead be 3 months commencing from the date the declaration is made to the insurer.

In this entry a “declaration policy” is an insurance contract under the terms of which the insured is obliged to declare

periodically to the insurer the asset values or exposure values insured under the policy as these may fluctuate in the period of insurance and result in later premium adjustments under the policy; and

- (b) a debt representing after the event legal expenses insurance premium receivable or potentially receivable by an insurer, where such receipt is conditional upon the conclusion of due process in relation to court proceedings, is admissible for the purposes of calculating the solvency margin of the insurer until the insurer has been notified formally that the process has been completed.

In this entry “after the event legal expenses insurance” means a contract of insurance relating to legal proceedings (taken out after the event that triggered the legal proceedings) which indemnifies the insured against certain costs if the legal action is discontinued or lost.

- I. A debt shall be admissible for the longer period that would result under entry F, G or H (as applicable) in relation to that debt.
- J. For the avoidance of doubt, in relation to a debt, any relief from inadmissibility available under one of more of the categories in entries G or H shall not individually or collectively exceed the amount of that debt.
- (12) Subject to the provisions of this Part, the assets described in column 1 of the following table shall be admissible for the purposes of calculating the solvency margin of an insurer to the extent specified in column 2 —

TABLE

ASSETS	MAXIMUM AMOUNT ADMISSIBLE
A. Issued share capital which is unpaid but is fully supported by a letter of credit or a guarantee from a bank or other institution acceptable to the Authority and in a form approved by the Authority:	an amount not exceeding 3 times the paid up amount of the share capital (including any share premium).
B. Letters of credit or a guarantee from a bank or other institution acceptable to the Authority and in a form approved by the Authority:	the amount required by the Authority to provide for exceptional circumstances
C. Loan amounts owing from an associate of the insurer, if the criteria under paragraphs 13 and 14 are complied with for the loan.	100%
D. Loan amounts owing from an associate of the insurer, if the criteria under paragraphs 13 and 14 are not complied with but the written approval of the Authority was given prior to 30 June 2012.	100%
(13)	Generally the criteria under entry C of the table in paragraph (12) (“ 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 contracts were entered into.
(14)	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 sub-paragraph (a) is not complied with, that the Authority has given prior written approval for the loan to be admissible under entry C.

- (15) In paragraph (14), “controller change (voting power)”, means a change of controller required to be notified to the Authority under section 29 of the Act, but applying only to a controller corresponding with paragraph (d) of the definition of “controller” under section 54 of the Act.
- (16) A financial liability included within the audited (non-consolidated) balance sheet of an authorised insurer and which has been deemed by the Authority to be suitably alike in characteristics to equity capital for regulatory purposes may, with the written approval of the Authority, be added back to the total of regulatory net assets for the purposes of calculating the solvency margin of that insurer. Liabilities treated in this way are referred to in these Regulations as “**secondary capital**”.
- (17) In addition to requirements as may be applicable to the approval given under paragraph (16), secondary capital must not be paid away or otherwise withdrawn from an authorised insurer unless a written notice is served on the Authority by the insurer not less than 28 days before the event, or such shorter period as the Authority may agree in writing.

PART III - CALCULATION OF SOLVENCY MARGIN

The solvency margin of an insurer must be calculated in the manner specified in the following table —

REGULATORY NET ASSETS AND NON LONG-TERM BUSINESS

Regulatory net assets as shown by the regulatory balance sheet (notes i and iv)		X
Undisclosed reserves included in:		
Provision for claims	X	
	<hr/>	X
Adjustment of assets to market value (note ii)		X
Secondary capital (note iii)		X
		<hr/>
		X
Adjustments on restatement of assets in accordance with Part II of Schedule 10		
1. Investments (other than land and buildings)	(X)	
2. Land and Buildings	(X)	
3. Other tangible assets	(X)	
4. Assets subject to charge	(X)	
5. Intangible assets	(X)	
6. Deferred acquisition costs	(X)	
7. Debts	(X)	
8. Unpaid share capital	X	
9. Letters of credit and guarantees (note v)	X	
	<hr/>	(X)
Adjusted net assets		<hr/> X
Required minimum margin for non long-term business (note vi)		<hr/> (X)
Regulatory net assets / surplus in respect of non long-term business (as applicable)		<hr/> X
		<hr/>

NOTES

- (i) In the application of this Part to mutual associations, references to “regulatory net assets” and “non long-term insurance provisions” shall be construed as references to “the sum of the guarantee fund and the reserves” and “the fund available for outstanding and unreported claims” respectively.
- (ii) Where investments or land and buildings are stated in the regulatory balance sheet at an amount less than market value, an adjustment to market value may be included in the calculation of adjusted net assets for solvency margin purposes (subject to any restriction on admissibility in accordance with Part II of this Schedule).

- (iii) “Secondary capital” is a financial liability approved and treated in accordance with paragraphs (16) and (17) of Part II of this Schedule.
- (iv) In this part “**regulatory balance sheet**” means the regulatory balance sheet prepared in accordance with regulation 18 (2)(c).
- (v) Issuing body to be specified.
- (vi) Detail of calculation to be shown.

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

These Regulations replace the Insurance Regulations 1986.

Part I contains general provisions for authorised insurers including the categories and classes of insurance business, and the exemptions from being authorised under section 5 of the Insurance Act 2008.

Part II applies certain regulations of the Regulations and certain sections of the Insurance Act 2008 to foreign insurers that hold permits.

Part III sets out the reporting requirements for an authorised insurer in respect of any long-term business carried on by that insurer.

Part IV sets out the reporting requirements for an authorised insurer in respect of any non long-term business carried on by that insurer.