



## INSURANCE REGULATIONS 2025

### Index

Regulation	Page
1 Title .....	3
2 Commencement .....	3
3 Interpretation.....	3
4 Application of these Regulations.....	8
5 Combinations of classes of authorisation .....	9
6 Dividends and distributions relating to MCR, SCR and section 12A of the Act .....	10
7 Audited accounts and accounting standards .....	11
8 Modification of Companies Act 1982 for certain purposes .....	12
9 Statutory reserve .....	12
10 Discretionary trusts .....	13
11 Registers .....	13
12 Exempted insurance business .....	14
13 Indemnity insurance for the auditors of authorised insurers .....	15
14 Fitness and propriety requirements and notifications .....	15
15 Actuary (non long-term business).....	15
16 Controlling interest requirements and notifications.....	16
17 Application of these Regulations and other specified regulations to permit holders.....	16
18 Application of the Act to permit holders .....	17
19 Annual and other periodic regulatory returns for authorised insurers.....	19
20 Standby authorised insurers .....	21
21 Surrender of authorisation .....	21
22 Surrender of permit .....	22
23 Cancellation of registration of insurance manager .....	23
24 Transition for run-off arrangements .....	24
25 Revocations.....	24
<b>SCHEDULE 1</b>	<b>27</b>
CLASS 12: CAPTIVE INSURERS	27
<b>SCHEDULE 2</b>	<b>34</b>
CLASS 13: INSURANCE SPECIAL PURPOSE VEHICLES	34

<b>SCHEDULE 3</b>	<b>44</b>
FAST-TRACK AUTHORISATION	44
<b>SCHEDULE 4</b>	<b>45</b>
REGULATORY SANDBOXING	45
<b>SCHEDULE 5</b>	<b>48</b>
MATTERS RELATING TO INSURERS THAT ARE PROTECTED CELL COMPANIES	48
<b>SCHEDULE 6</b>	<b>59</b>
MATTERS RELATING TO INSURERS THAT ARE INCORPORATED CELL COMPANIES OR INCORPORATED CELLS	59
<b>SCHEDULE 7</b>	<b>63</b>
MATTERS RELATING TO INSURERS THAT ARE LIMITED PARTNERSHIPS	63
<b>SCHEDULE 8</b>	<b>70</b>
REGISTERS	70

Statutory Document No. 2025/0138

*Insurance Act 2008*

# INSURANCE REGULATIONS 2025

*Laid before Tynwald:**Coming into Operation:**30 June 2025*

The Isle of Man Financial Services Authority makes the following Regulations under sections 5, 6, 12, 12A, 14, 18, 22, 23, 27A, 48, 50 and 54 of, and Schedule 7 to, the Insurance Act 2008, after having carried out the consultation required by section 50(3) of that Act.

## 1 Title

These Regulations are the Insurance Regulations 2025.

## 2 Commencement

These Regulations come into operation on 30 June 2025<sup>1</sup>.

## 3 Interpretation

(1) In these Regulations —

“**the Act**” means the Insurance Act 2008;

“**audited accounts**” means the audited annual accounts required to be prepared and produced to the Authority under sections 14(3) or 27A(3) of the Act and regulation 7;

“**cell**” has the meaning given in paragraph 2 of Schedule 5;

a “**class 12 insurer**” means an insurer authorised in respect of class 12;

a “**class 13 insurer**” means an insurer authorised in respect of class 13;

“**CGC**” means the Corporate Governance Code of Practice for Insurers 2021<sup>2</sup>;

“**fast-track authorisation**” has the meaning given in Schedule 3;

“**IC**” has the meaning given in paragraph 2 of Schedule 6;

<sup>1</sup> Under section 50(4) of the Insurance Act 2008, regulations shall be laid before Tynwald as soon as practicable after they are made, and if Tynwald at the sitting at which the regulations are laid, or at the next following sitting, resolves that they shall be annulled, the regulations shall cease to have effect from that time.

<sup>2</sup> SD 2021/0276

“**ICC**” has the meaning given in paragraph 2 of Schedule 6;

“**ICC equivalent**” has the meaning given in paragraph 2 of Schedule 6;

“**IC equivalent**” has the meaning given in paragraph 2 of Schedule 6;

“**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);

“**long-term business**” has the meaning given in paragraph (2);

“**LP**” has the meaning given in paragraph 3 of Schedule 7;

“**LP equivalent**” has the meaning given in paragraph 3 of Schedule 7;

“**MCR**” is an abbreviation of “minimum capital requirement”, referred to in section 12(1)(a) of the Act, and is determined in accordance with the —

- (a) relevant solvency regulations, subject to paragraphs (b) to (d);
- (b) regulation 24 in respect of insurance business to which that regulation applies;
- (c) paragraph 6 of Schedule 2 in respect of class 13 insurance business;  
or
- (d) (if applicable) paragraph 3 of Schedule 4 in respect the business of an insurer that is subject to a sandbox;

“**non long-term business**” means insurance business within any of classes 3 to 9, 11 and contracts within such classes under class 12;

“**PCC**” has the meaning given in paragraph 2 of Schedule 5;

“**PCC equivalent**” has the meaning given in paragraph 2 of Schedule 5;

“**permit holder**” means a person that is the holder of a permit issued under section 22 of the Act;

“**records**”, in regulations 21 to 23, means books, accounts and documents appropriate to the activities of the —

- (a) authorised insurer in respect of its class of authorisation being surrendered;
- (b) permit holder in respect of its class of permit being surrendered; or
- (c) registered insurance manager in respect of its registration being cancelled,

that provide legible accurate, verifiable, timely, complete and comprehensible information;

“**registered insurance manager**” means a person registered as an insurance manager under Part 6 of the Act;

“**regulatory return**” means a return required to be submitted to the Authority under regulation 19;

“**regulatory sandboxing**” has the meaning given in Schedule 4;

“**relevant solvency regulations**”, in relation to an authorised insurer, means the —

- (a) Insurance (Long-Term Business Valuation and Solvency) Regulations 2021<sup>3</sup>; or
- (b) Insurance (Non Long-Term Business Valuation and Solvency) Regulations 2021<sup>4</sup>,

as applicable to its class or classes of authorisation;

“**sandbox**” has the meaning given in Schedule 4;

“**SCR**” is an abbreviation of “solvency capital requirement”, referred to in section 12(1)(b) of the Act, and is determined in accordance with —

- (a) the relevant solvency regulations, subject to paragraphs (b) and (c);
- (b) paragraph 6 of Schedule 2 in respect of class 13 business; or
- (c) (if applicable) paragraph 3 of Schedule 4 in respect the business of an insurer that is subject to a sandbox;

“**standby authorised insurer**” has the meaning given in regulation 20(2);

“**technical provisions**”, in relation to an authorised insurer, mean the provisions established by the insurer representing the amount it requires to fulfil all of its insurance obligations under its insurance contracts over the lifetime of those contracts, including (unless specified otherwise) at least the minimum amounts required to be included within its technical provisions under the relevant solvency regulations; and

“**written**”, in relation to a contract of insurance or the insurance business of an authorised insurer, means that the contract or business was effected by the insurer, or the contract or business was otherwise effected for or on behalf of the insurer, in any manner that constitutes the carrying on of an insurance business by the insurer.

(2) For the purposes of section 54 of the Act, it is declared that in the Act and in these Regulations —

- (a) “**long-term business**” means, subject to subparagraphs (b) to (d), 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, all 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

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<sup>3</sup> SD 2021/0273

<sup>4</sup> SD 2021/0274

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;

(b) where —

- (i) the principal object of a contract of insurance is long-term business;
- (ii) the contract contains related and subsidiary insurance provisions which are not long-term business; and
- (iii) the provisions containing business that is not long-term business is business within class 9 or, in respect of reinsurance within class 9 only, class 11,

the effecting and carrying out of that contract must be treated as long-term business;

(c) all contracts of a description that would fall within the definition of long-term business but for the term being less than 5 years must 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; and

(d) subparagraph (c) does not apply to any contract of insurance which was effected before the date on which notice under subparagraph (c) was received by the Authority.

(3) In these Regulations, without limiting regulation 5, any reference to a category or a numbered class of insurance business is to 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 class 1
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
Captive	12	Contracts within classes 1 to 11 which comply with the requirements set out in Schedule 1
Insurance Special Purpose Vehicle	13	This class is supplemental to any of classes 1 to 12 and means that the insurer is subject to the requirements of Schedule 2 (class 13 in itself does not enable an insurer to carry on any insurance business)

- (4) In paragraph (3) —
- (a) insurance business which is within any of classes 1 to 9 includes reinsurance contracts within that class; and
  - (b) insurance business which is within any of classes 1 to 11 includes insurance contracts within that class that would also qualify as class 12.
- (5) In relation to an insurer authorised in respect of long-term business, where a contract of insurance of the insurer meets the requirements of paragraph (2)(b) in all respects except that the non long-term provisions of the contract are —
- (a) related to, but are not subsidiary to, the long-term provisions of that contract, the insurer (in addition to its authorisation in respect of long-term business) must also be authorised for class 9 or, in respect of reinsurance within class 9 only, class 11; or
  - (b) not related to, and are not subsidiary to, the long-term provisions of that contract, then (subject to regulation 5(2)) the insurer cannot also be authorised in respect of class 9 or 11 (and is not authorised to include the non long-term provisions in the contract).
- (6) Subject to subparagraph (7), in these Regulations “approved supervisor” means any of the following —
- (a) the insurance supervisory authorities of the United Kingdom;
  - (b) an insurance supervisory authority of a country in the European Union;
  - (c) an insurance supervisory authority responsible for a solvency regime insofar as it is determined by the European Commission as equivalent (whether fully, provisionally or temporarily) to the requirements of Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 relating to the taking-up

- and pursuit of the business of Insurance and Reinsurance (Solvency II)<sup>5</sup>; and
- (d) any other insurance supervisory authority approved by the Authority in writing.
- (7) The degree to which a supervisor may be considered to be an approved supervisor may be restricted in such way as the Authority may specify, such that it applies only to certain categories of authorisation granted by that supervisor.

#### **4 Application of these Regulations**

- (1) These Regulations apply to —
  - (a) authorised insurers;
  - (b) permit holders; and
  - (c) registered insurance managers,as set out in these Regulations.
- (2) Schedule 1 (class 12: captive insurers) has effect and applies to —
  - (a) insurers authorised in respect of class 12; and
  - (b) permit holders that hold a permit in respect of class 12.
- (3) Schedule 2 (class 13: insurance special purpose vehicles) has effect and applies to —
  - (a) insurers authorised in respect of class 13; and
  - (b) permit holders that hold a permit in respect of class 13.
- (4) Schedule 3 (fast-track authorisation) has effect and may be applied by the Authority to any application for authorisation in respect of —
  - (a) class 12; or
  - (b) class 13 and any other class or classes,which meets the requirements of a fast-track process established by the Authority under that Schedule.
- (5) Schedule 4 (regulatory sandboxing) has effect and may be applied by the Authority in relation to any authorised insurer or applicant for authorisation.
- (6) Schedule 5 (matters relating to insurers that are protected cell companies) has effect and applies to —
  - (a) authorised PCCs; and
  - (b) PCC equivalents that are permit holders.
- (7) Schedule 6 (matters relating to insurers that are incorporated cell companies or incorporated cells) has effect and applies to —

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<sup>5</sup> O.J. No. L335/1 17.12.09



- (a) authorised ICCs;
  - (b) authorised ICs;
  - (c) ICC equivalents that are permit holders; and
  - (d) IC equivalents that are permit holders.
- (8) Schedule 7 (matters relating to insurers that are limited partnerships) has effect and applies to —
  - (a) authorised LPs; and
  - (b) LP equivalents that are permit holders.
- (9) Schedule 8 (registers) has effect and sets out the content of registers in respect of current and former —
  - (a) authorised insurers;
  - (b) permit holders; and
  - (c) registered insurance managers.

## 5 Combinations of classes of authorisation

- (1) Subject to paragraph (2), an insurer authorised in respect of —
  - (a) any class within 1, 2 and 10 cannot also be authorised in respect of any class within 3 to 8 or, in respect of reinsurance of any class within 3 to 8, class 11;
  - (b) any class within 1, 2 and 10, which also wishes to carry on class 9 or 11 insurance business in accordance with regulation 3(5)(a), may also be authorised in respect of class 9 or, in respect of reinsurance within class 9 only, class 11;
  - (c) any class within 3 to 9 and 11 (unless it is in accordance with subparagraph (b)) cannot also be authorised in respect of any class within 1, 2 and 10;
  - (d) class 12 cannot also be authorised in respect of any class within 1 to 11;
  - (e) class 12 may (within class 12) carry on insurance business involving contracts that also fall within classes —
    - (i) 1, 2 and 10 (and 9 and 11 as described in subparagraph (b));  
or
    - (ii) 3 to 9 and 11,  
but not both; or
  - (f) class 13, without limiting subparagraphs (a) to (e), must also be authorised in respect of one or more classes within —
    - (i) 1, 2 and 10 (and 9 and 11 as described in subparagraph (b))  
in accordance with such limited circumstances as may be specified by the Authority (and, if no such circumstances are

specified, classes, 1, 2 and 10 must not be combined with class 13);

(ii) 3 to 9 and 11; or

(iii) 12,

but cannot be authorised for any combination of subparagraphs (i) to (iii).

- (2) If an insurer, at the date on which these Regulations came into operation, is authorised in respect of a combination of classes that is not in accordance with paragraph (1), paragraph (1) does not prevent the insurer from continuing to be so authorised under these Regulations.

## **6 Dividends and distributions relating to MCR, SCR and section 12A of the Act**

- (1) Where an authorised insurer is in the process of its winding up (which, by virtue of paragraph 6 of Schedule 3 to the Act if in effect, must be other than a voluntary winding up), it is exempt from section 12A(1) of the Act and paragraph (2).
- (2) In addition to the restriction as to the declaration or payment of a dividend or a distribution referred to in section 12A(1) of the Act, where the amount of an authorised insurer's MCR exceeds its SCR, the insurer must not declare or pay a dividend or make any distribution to any person other than a policyholder of the insurer in respect of any amount by which the insurer's MCR exceeds its SCR where —
- (a) the eligible capital resources of the insurer have fallen below its MCR; or
- (b) the amount of the dividend or distribution would be such as to cause the eligible capital resources of the insurer to fall below its MCR.
- (3) Where a person is both a policyholder and a member of an authorised insurer, section 12A(1) of the Act and paragraph (2) —
- (a) do not restrict a dividend or distribution in respect of the person where the dividend or distribution is a bona fide entitlement of the person as a policyholder under a contract of insurance written by the insurer (for example, in the case of a profit bonus under a 'with-profits' long-term insurance policy); but
- (b) restrict a dividend or distribution in respect of the person where the dividend or distribution is an entitlement of the person as a member of the insurer.
- (4) For the purposes of section 12A(2) of the Act and paragraph (2), the terms "dividend" and "distribution" include any transaction or arrangement by or on behalf of an authorised insurer, in relation to any person's entitlement as a member of the insurer, which gives effect to —

- (a) the direct or indirect transfer of any assets of the insurer to or for the benefit of the person; or
  - (b) the incurring of debt to or for the benefit of the person.
- (5) A transaction or arrangement, referred to in paragraph (4), includes —
  - (a) the purchase of any assets;
  - (b) the purchase, redemption, acquisition or other reconstruction of shares;
  - (c) the release, waiver or write down of any indebtedness owed to the insurer;
  - (d) any transfer or assignment of indebtedness; and
  - (e) the creation or purported creation of any mortgage, debenture, charge, lien or encumbrance (or any other mechanism of the same or similar effect by whatever name), or the modification or purported modification of any existing mortgage, debenture, charge, lien or encumbrance (or any other mechanism of the same or similar effect by whatever name), by or on behalf of the insurer which grants priority to the payment of, or otherwise gives effect to, any dividend or distribution ahead of the insurer meeting its obligations under the contracts of insurance it has written and complying with the higher of its MCR and SCR.

## **7 Audited accounts and accounting standards**

- (1) In this regulation a “regulated entity” is an authorised insurer or a registered insurance manager.
- (2) Subject to paragraphs (3) and (4), each regulated entity at least once in every calendar year, must prepare audited accounts for the year ending on the date of the regulated entity’s financial year end.
- (3) For the purposes of paragraph (2), the Authority may, where it considers it appropriate to do so, approve in writing a different audited reporting period of no longer than 18 months (including where a regulated entity is preparing its first audited accounts or wishes to change its financial year end).
- (4) For the purposes of —
  - (a) paragraph (2);
  - (b) section 14(2) of the Act; and
  - (c) section 27A(2) of the Act,the audited accounts of a regulated entity must be prepared in accordance with the standards described in paragraph (5).
- (5) The standards referred to in paragraph (4) are —

- (a) the Financial Reporting Standards (“FRS”) issued or adopted from time to time by the Financial Reporting Council in the United Kingdom (or any successor organisation);
- (b) the International Financial Reporting Standards (“IFRS”) published from time to time by the International Accounting Standards Board (or any successor organisation); or
- (c) any other standards as may be approved by the Authority in writing.

## 8 Modification of Companies Act 1982 for certain purposes

For the purpose of its application to an authorised insurer, Part I of Schedule 1 to the Companies Act 1982 has effect subject to the following modifications —

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

## 9 Statutory reserve

- (1) Subject to paragraph (2), an authorised insurer which has any reserve which was set aside under regulation 12 of the Insurance Regulations 1986<sup>6</sup>, as it had effect immediately before 31 December 1996 in respect of any business carried on by the insurer, may make the reserve available for distribution.
- (2) The payment of, or otherwise giving effect to, a dividend or distribution (within the meaning given in regulation 6(4)) of any amounts referred to in paragraph (1) is subject to the insurer maintaining compliance with its regulatory requirements, including —
  - (a) the higher of its MCR and SCR;
  - (b) section 12A of the Act and regulation 6(2);
  - (c) capital adequacy and liquidity adequacy requirements in accordance with the CGC; and

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<sup>6</sup> G.C. 319/86

- (d) any relevant —
  - (i) condition of authorisation;
  - (ii) direction; or
  - (iii) other requirement,given or imposed by the Authority.

## 10 Discretionary trusts

- (1) An authorised insurer which has a discretionary trust within its direct or indirect holding structure must notify the Authority as soon as is reasonably practicable —
  - (a) of those circumstances upon becoming aware of them; and
  - (b) of the identities and entitlements of the potential beneficiaries of the trust and the nature and scope of the discretion available to the trustees (and, if applicable, any other party) by which the potential beneficiaries or their entitlements may be changed.
- (2) An authorised insurer must notify the Authority of any change to any details notified under paragraph (1) as soon as is reasonably practicable upon becoming aware of the change.
- (3) An authorised insurer must undertake monitoring in order to identify any situation in respect of the insurer requiring notification under this regulation. Such monitoring, at a minimum, must include carrying out enquiries as soon as is reasonably practicable upon becoming aware of any circumstances which suggest that a situation requiring such notification may have arisen, and at least annually.

## 11 Registers

- (1) The register of current authorised insurers required to be kept under section 48 of the Act must contain the particulars specified in Part 1 of Schedule 8.
- (2) The register of current permit holders required to be kept under section 48 of the Act must contain the particulars specified in Part 2 of Schedule 8.
- (3) The register of current registered insurance managers required to be kept under section 48 of the Act must contain the particulars specified in Part 3 of Schedule 8.
- (4) Subject to paragraph (5), the registers of former authorised insurers, permit holders and registered insurance managers required to be kept under section 48 of the Act, respectively, must —
  - (a) contain the same particulars as specified in —
    - (i) Part 1 of Schedule 8 for current authorised insurers;
    - (ii) Part 2 of Schedule 8 for current permit holders; and

- (iii) Part 3 of Schedule 8 for current registered insurance managers,  
as at the date the authorisation or permit was surrendered or terminated, or as at the date the registration was cancelled;
  - (b) include, as applicable, the date the —
    - (i) authorisation or permit was surrendered or terminated (and state which applies); or
    - (ii) registration was cancelled (and state whether the cancellation was voluntary or imposed by the Authority); and
  - (c) exclude any information in relation to any authorisation or permit which, prior to its surrender or termination, had been withdrawn in respect of new business.
- (5) In respect of a former authorised insurer, permit holder or registered insurance manager that had ceased being an authorised insurer, permit holder or registered insurance manager before 30 June 2022, the content of the relevant register referred to in paragraph (4) —
- (a) is limited to such content as was required to be included in such a register in accordance with regulations made under the Act as were in operation immediately prior to 30 June 2022<sup>7</sup>; and
  - (b) excludes any personal data within the meaning of article 4(1) of the Applied GDPR in the Annex to the Data Protection (Application of GDPR) Order 2018.

## 12 Exempted insurance business

For the purposes of section 5 of the Act, the following persons are exempt from the requirement to be an authorised insurer or permit holder 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(1) or 1(2) regulated activities under the Regulated Activities Order 2011<sup>8</sup> (deposit taking), in respect of

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<sup>7</sup> Insurance Regulations 2018 (SD 2018/0192)

<sup>8</sup> SD 0884/11 (as amended)

insurance business within class 6 or 8 and carried on solely in the course of, or for the purposes of, carrying on Class 1(1) or 1(2) regulated activities;

- (d) an insurer that —
  - (i) is authorised to carry on an insurance business in a jurisdiction which has an approved supervisor that is responsible for supervising the insurance business of the insurer; and
  - (ii) does not have a fixed place of business (other than an agency) in the Island; and
- (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.

### **13 Indemnity insurance for the auditors of authorised insurers**

No person may be appointed as auditor to an authorised insurer unless the person appointed is covered by an appropriate level of professional indemnity insurance which is suitable to the work carried on in relation to the insurer, and for an amount of not less than ten million pounds sterling.

### **14 Fitness and propriety requirements and notifications**

- (1) In this regulation a “regulated entity” is an authorised insurer or a registered insurance manager.
- (2) A regulated entity must take reasonable steps to ensure that all individuals (whether or not employed by the regulated entity), who perform activities for the purpose of or in connection with the activities for which the regulated entity is authorised or registered, are fit and proper for the tasks they perform in relation to the regulated entity.
- (3) A regulated entity must notify the Authority promptly if it becomes aware of any significant matters that may adversely affect an assessment of the fitness or propriety of any individual notified to the Authority under section 29 of the Act (or otherwise notified to the Authority for fitness and propriety purposes, as required by the Authority) in relation to the regulated entity.

### **15 Actuary (non long-term business)**

- (1) For the purposes of section 18(15) of the Act, section 18 of the Act applies to the appointment of a head of actuarial function (within the meaning given in the CGC) in accordance with paragraph (2).
- (2) Paragraph (1) applies where an insurer authorised in respect of any class or classes within 3 to 9 and 11 is required under the CGC (or otherwise) to

have an actuarial function and the Authority requires the insurer to appoint an individual as the head of that function.

- (3) In respect of an insurer that is required to have an actuarial function (referred to in paragraph (2)) the Authority may require the insurer to appoint an individual as the head of that function.

## 16 Controlling interest requirements and notifications

- (1) In this regulation —
- (a) a reference to a change to “**an existing controlling interest**” is a reference to a change of voting power referred to in paragraph (d) of the definition of “controller” in the Act or a change in the ability of a person’s influence over the management of the person or of another body corporate of which the person is a subsidiary by virtue of the person’s holding of shares in, or the person’s entitlement to exercise, or control the exercise of, the voting power of the person; and
  - (b) “**regulated entity**” means an authorised insurer or a registered insurance manager.
- (2) Subject to paragraph (3), a regulated entity must notify the Authority of any changes to an existing controlling interest in the regulated entity which would take that controlling interest —
- (a) from 50% or less (including zero) to over 50%; or
  - (b) from 75% or less to over 75%.
- (3) Notification under paragraph (2) must be made within 7 days after the regulated entity becomes aware of the change but is not required if the Authority has already been served with a notice in respect of the change of controller in accordance with section 29 of the Act.
- (4) A regulated entity must undertake monitoring in order to identify any situation in respect of the regulated entity requiring notification under paragraph (2).
- (5) Monitoring referred to in paragraph (4) must —
- (a) be undertaken at least annually; and
  - (b) include carrying out enquiries as soon as is reasonably practicable upon becoming aware of circumstances which suggest that a situation requiring such notification may have arisen.

## 17 Application of these Regulations and other specified regulations to permit holders

- (1) For the purposes of section 22 of the Act and subject to paragraphs (2) to (4) —
- (a) regulations 1 to 3, 6, 7, 10, 13 to 16, 19 and Schedules 1 and 2; and



- (b) the relevant solvency regulations,  
apply, with any necessary modifications, to a permit holder as they apply to an authorised insurer.
- (2) In respect of a permit holder —
  - (a) regulations 6 and 19; and
  - (b) the —
    - (i) Insurance (Long-Term Business Valuation and Solvency) Regulations 2021; and
    - (ii) Insurance (Non Long-Term Business Valuation and Solvency) Regulations 2021,

do not apply to a permit holder if the circumstances referred to in paragraph (3) are met.
- (3) The circumstances referred to in paragraph (2) are —
  - (a) the permit holder is authorised to carry on insurance business in or from its home jurisdiction;
  - (b) sections 12 and 12A of the Act do not apply to the permit holder in accordance with regulation 18(2);
  - (c) at the same time as any financial statements and reports of the permit holder are submitted to the insurance supervisory authority in its home jurisdiction, the permit holder submits a copy of those financial statements and reports to the Authority; and
  - (d) at the same time as any capital and solvency calculations of the permit holder are submitted to the insurance supervisory authority in its home jurisdiction, the permit holder submits a copy of those capital and solvency calculations to the Authority,

and the financial statements and reports, and capital and solvency calculations, of the permit holder required to be reported to the insurance supervisory authority of its home jurisdiction are acceptable to the Authority instead of their equivalents under these Regulations.
- (4) This regulation does not apply to a permit holder where —
  - (a) it is authorised to carry on an insurance business in its home jurisdiction; and
  - (b) its home jurisdiction has an approved supervisor that is responsible for supervising the insurance business of the permit holder.

## 18 Application of the Act to permit holders

- (1) For the purposes of section 22 of the Act and subject to paragraphs (2) to (5), sections 12, 12A to 12D, 13, 14(2) to 14(5), 15, 17A, 18, 21 and 29 of the Act apply, with any necessary modifications, to a permit holder as they apply to an authorised insurer.

- (2) Sections 12 and 12A of the Act do not apply to a permit holder where the capital and solvency requirements of the insurance supervisory authority in its home jurisdiction that are applicable to the permit holder are acceptable to the Authority instead of their equivalents under the relevant solvency regulations and where the requirements of regulation 17(3)(a), 17(3)(c) and 17(3)(d) are met.
- (3) In relation to a permit holder —
- (a) section 12C of the Act applies as if —
- (i) for subsection (1)(b) there were substituted —
- 33**(b) undertake, or continue to undertake, inter-regulatory communication with the insurer's home insurance supervisory authority to request or confirm that appropriate regulatory action is taken. **22**; and
- (ii) section 12C(2) were omitted;
- (b) section 13 of the Act applies as if for subsection (7)(a) there were substituted —
- 34**(a) in the case of a scheme submitted under this section by virtue of a requirement made under section 12C(1)(a), the Authority may undertake, or continue to undertake, inter-regulatory communication with the insurer's home insurance supervisory authority to request or confirm that appropriate regulatory action is taken; and **22**.
- (4) Section 29 of the Act applies to a permit holder only in respect of —
- (a) a controller of the permit holder;
- (b) the most senior executive in the Island responsible for the permit holder;
- (c) the Money Laundering Reporting Officer of the permit holder;
- (d) where the permit holder is required by the Authority to have a head of actuarial function, that head; and
- (e) any head office personnel who have direct responsibility for, or who will be overseeing the work of, the permit holder.
- (5) Except in relation to the application of section 21 of the Act to a permit holder, this regulation does not apply to a permit holder where —
- (a) it is authorised to carry on an insurance business in its home jurisdiction; and
- (b) its home jurisdiction has an approved supervisor that is responsible for supervising the insurance business of the permit holder.

**19 Annual and other periodic regulatory returns for authorised insurers**

- (1) Subject to paragraphs (2) to (7), an authorised insurer must submit to the Authority the following regulatory returns in accordance with this regulation —
  - (a) an “annual return” each time and at the same time as the audited accounts of the insurer are submitted to the Authority;
  - (b) for an insurer authorised in respect of a class other than class 12 or 13, a “quarterly return” on a 3 monthly reporting period basis; and
  - (c) for a class 12 insurer or class 13 insurer, a “bi-annual return” on a 6 monthly reporting period basis,or such “other frequency of return” approved or specified by the Authority under paragraph (5), as applicable.
- (2) A quarterly return, bi-annual return or other frequency of return, must be submitted within 3 months after each reporting period end date, with the first reporting period commencing on the day immediately following the financial year end date of the insurer’s last preceding audited accounts (where the insurer is newly authorised the commencement date is as approved in writing or specified by the Authority).
- (3) Where an authorised insurer’s quarterly return, bi-annual return or other frequency of return is in respect of the same period end date as the financial year end date of the insurer’s audited accounts, unless the Authority specifies otherwise, such return is not required to be submitted if the insurer’s audited accounts and information required under paragraph (1)(a) have been submitted within 3 months of that financial year end date.
- (4) The regulatory returns referred to in paragraph (1) must —
  - (a) contain such information as may be specified by the Authority from time to time (which includes modifying the information referred to in paragraphs (6) and (7));
  - (b) be in such form as is required by the Authority; and
  - (c) be submitted electronically unless the Authority requires otherwise.
- (5) Other than in relation to annual returns, the Authority may approve in writing or specify a different frequency of reporting to those specified in this regulation (including no reporting between annual returns).
- (6) For the purposes to paragraphs (1)(a) and (4), an annual return of an authorised insurer, in respect of the insurer and corresponding to the reporting period (ordinarily the financial year) of its accompanying audited accounts, must include the following —
  - (a) a completed return containing —

- (i) information in respect of the insurer's regulatory economic balance sheet (or, in the case of a class 13 insurer, its TANA and MAE in accordance with Schedule 2) and SCR and MCR results;
    - (ii) other supplementary information about the insurer's business; and
    - (iii) general information and statistical data in relation to the insurer;
  - (b) a certificate ("Directors' Certificate"), signed by two of the insurer's directors, at least one of whom must be resident in the Island, certifying the accuracy of the completed return and including such other information or confirmation in respect of the insurer as may be specified by the Authority;
  - (c) for insurers, other than a class 12 or 13 insurer, a report ("Auditor's Report"), signed by the Auditor, which includes the auditor's opinion in respect of the information submitted by the insurer, referred to in subparagraphs (a)(i) and (b);
  - (d) where the insurer, other than a class 13 insurer, is authorised in respect of long-term business, a copy of its actuarial report as required by regulation 7 of the Insurance (Long-Term Business Valuation and Solvency) Regulations 2021 corresponding to the insurer's —
    - (i) reported position in respect of its technical provisions and SCR as at the balance sheet date of its audited accounts submitted in its annual return under paragraph (1)(a); and
    - (ii) calculation of, and other matters related to, that position;
  - (e) where the insurer, other than a class 13 insurer, is authorised in respect of non long-term business, a copy of its board report as required by regulation 8 of the Insurance (Non Long-Term Business Valuation and Solvency) Regulations 2021 corresponding to the insurer's —
    - (i) reported position in respect of its technical provisions and capital requirements (including MCR and SCR) as at the balance sheet date of its audited accounts submitted in its annual return under paragraph (1)(a); and
    - (ii) calculation of, and other matters related to, that position;
  - (f) the Directors' Certificate on Corporate Governance as required by paragraph 8 of the CGC; and
  - (g) the information in respect of governance communication as required by paragraph 58(1) of the CGC.
- (7) For the purposes of paragraphs (1)(b), (1)(c), (4) and (5), a quarterly return, bi-annual return or other frequency of return of an authorised insurer must include the following for the relevant reporting period —

- (a) where the insurer is authorised in respect of long-term business —
  - (i) the information required in paragraph (6)(a)(i); and
  - (ii) such of the information required in paragraph (6)(a)(ii), as may be specified by the Authority; and
- (b) where the insurer is authorised in respect of non long-term business —
  - (i) the information required in paragraph (6)(a)(i); and
  - (ii) a copy of its management accounts and any other information that the Authority may specify to supplement those accounts.

## 20 Standby authorised insurers

- (1) An authorised insurer that, in accordance with paragraph (2), is a “standby authorised insurer” is exempt from the requirements of regulation 19.
- (2) An authorised insurer is a standby authorised insurer if —
  - (a) it —
    - (i) is not carrying on any activity in respect of which it is required to be authorised; and
    - (ii) has no exposure to any liability or potential liability by way of insurance business; and
  - (b) the Authority has approved in writing that it is a standby authorised insurer.
- (3) A standby authorised insurer that wishes to commence the carrying on of any insurance business must obtain the Authority’s prior written approval to commence that business (and the insurer must supply to the Authority such supporting information as the Authority may require).
- (4) Without limiting paragraphs (2) and (3), a standby authorised insurer —
  - (a) may carry on work preparatory to its commencement of insurance business; and
  - (b) that is approved to commence business in accordance with paragraph (3), is no longer a standby authorised insurer.

## 21 Surrender of authorisation

- (1) An authorised insurer must —
  - (a) notify the Authority in writing if it proposes to surrender one or more of its classes of authorisation; and
  - (b) complete such additional surrender process (including providing any information and confirmations) as the Authority may require pursuant to section 10A of the Act.

- (2) Any notice under paragraph (1)(a) must —
  - (a) confirm that the insurer —
    - (i) is not carrying on any activity requiring it to be authorised in respect of any class of insurance business corresponding to the authorisation to be surrendered; and
    - (ii) has notified all relevant parties of its intention to surrender its authorisation;
  - (b) include details of the arrangements that the insurer considers necessary to secure that all insurance business, in respect of which its authorisation to be surrendered was required, is discontinued and wound up (a “winding-up plan”) and those details must address at least the matters in paragraph (3); and
  - (c) be given not less than 28 days before the surrender of authorisation is proposed to take effect.
- (3) The winding up plan referred to in paragraph (2)(b) must provide details of how the insurer has verified that it is not required to be authorised in respect of any class of insurance business corresponding to the authorisation to be surrendered (including, for example, verifying that all of its insurance obligations under the contracts of insurance it has written under such class have either been terminated permanently or have been fully and permanently transferred to another insurer).
- (4) The insurer, if required by the Authority to do so, must be able to demonstrate to the Authority, in a manner acceptable to the Authority, the verification process it has undertaken in accordance with paragraph (3).
- (5) A surrender of authorisation is not effective until the end of the notice period given in accordance with paragraph (2)(c), unless the Authority determines otherwise.
- (6) Where an authorisation is surrendered, the insurer surrendering it must preserve its records relating to the business in respect of which the authorisation was required for at least six years beginning with the date of surrender and must notify the Authority, within the notice at paragraph (1)(a), of the method of storage and location of those records.

## **22 Surrender of permit**

- (1) A permit holder must —
  - (a) notify the Authority in writing if it proposes to surrender one or more classes corresponding to its permit; and
  - (b) complete such additional surrender process (including providing any information and confirmations) as the Authority may require pursuant to section 10A of the Act.
- (2) Any notice under paragraph (1)(a) must —

- (a) confirm that the permit holder —
    - (i) is not carrying on any activity requiring it to hold a permit under section 22 of the Act in respect of any class of insurance business corresponding to the permit to be surrendered; and
    - (ii) has notified all relevant parties of its intention to surrender its permit;
  - (b) include details of the arrangements that the permit holder considers necessary to secure that all insurance business, in respect of which its permit to be surrendered was required, is discontinued and wound up (a “winding-up plan”); and
  - (c) be given not less than 28 days before the surrender of permit is proposed to take effect.
- (3) A surrender of permit is not effective until the end of the notice period given in accordance with paragraph (2)(c), unless the Authority determines otherwise.
  - (4) Where a permit is surrendered, the permit holder surrendering it must preserve its records relating to the business in respect of which the permit was required for at least six years beginning with the date of surrender and must notify the Authority, within the notice at paragraph (1)(a), of the method of storage and location of those records.

## **23 Cancellation of registration of insurance manager**

- (1) A registered insurance manager must —
  - (a) notify the Authority in writing if it proposes to cancel its registration; and
  - (b) complete such additional cancellation process (including providing any information and confirmations) as the Authority may require pursuant to section 26A of the Act.
- (2) Any notice under paragraph (1)(a) must —
  - (a) confirm that the insurance manager —
    - (i) is not carrying on any activity requiring it to be registered as an insurance manager under Part 6 of the Act; and
    - (ii) has notified all relevant parties of its intention to cancel its registration;
  - (b) include details of the arrangements that the insurance manager considers necessary to secure that all activities, in respect of which its registration was required, are discontinued and wound up (a “winding-up plan”); and
  - (c) be given not less than 28 days before the cancellation of registration is proposed to take effect.

- (3) A cancellation of a registration is not effective until the end of the notice period given in accordance with paragraph (2)(c), unless the Authority determines otherwise.
- (4) Where a registration is cancelled, the insurance manager cancelling it must preserve its records relating to the activities in respect of which the registration was required for at least six years beginning with the date of cancellation and must notify the Authority, within the notice at paragraph (1)(a), of the method of storage and location of those records.

## **24 Transition for run-off arrangements**

In respect of any insurance business of an authorised insurer existing at 30 June 2022, the Authority may determine, if it considers it appropriate to do so for transitional purposes, where the insurer at 30 June 2022 —

- (a) was authorised in respect of any of classes 3 to 9 or 11; and
- (b) had permanently ceased conducting new business and is administering its portfolio in order to terminate all of its insurance obligations and activities (and that cessation continues to be the case),

that the insurer is subject to a reduced MCR of an amount no lower than £100,000, as specified by the Authority, and this amount applies instead of the MCR otherwise applicable to the insurer in accordance with regulation 70(4)(b) of the Insurance (Non Long-Term Business Valuation and Solvency) Regulations 2021.

## **25 Revocations**

The following regulations are revoked —

- (a) the Insurance Regulations 2021<sup>9</sup>;
- (b) the Insurance (Special Purpose Vehicles) Regulations 2015<sup>10</sup>; and
- (c) the Insurance (Miscellaneous Amendments) Regulations 2015<sup>11</sup>.

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<sup>9</sup> SD 2021/0278

<sup>10</sup> SD 2015/0100

<sup>11</sup> SD 2015/0314



**MADE 18 JUNE 2025**



**SCHEDULE 1**

[Regulations 3(3) and 4(2)]

**CLASS 12: CAPTIVE INSURERS****1 Interpretation**

In this Schedule —

“**beneficial ownership**” has the meaning given in section 4 of the Beneficial Ownership Act 2017;

“**connected individual**”, in relation to a class 12 insurer, has the meaning given in paragraph 5;

“**connected legal entity**”, in relation to a class 12 insurer, has the meaning given in paragraph 4;

“**direct insurance**” means insurance by way of a direct contract of insurance, not reinsurance;

“**directly insure**” has the meaning given in paragraph 2(2);

an “**eligible business connection**” between a person and a class 12 insurer, an own group member of the insurer or a connected legal entity of the insurer (as applicable) means —

(a) a business connection —

(i) that is established formally and has a discernible value; and

(ii) where any and all —

(A) direct insurance of the person provided by the insurer;

(B) direct insurance of the person underlying reinsurance provided by the insurer; and

(C) sale or intermediation in respect of such direct insurance,

is related to and secondary to that connection; or

(b) a connection referred to in paragraph 4(d)(ii) or 6(1)(a)(ii);

“**indirectly insure**” has the meaning given in paragraph 2(2);

“**individual**” means a human being;

“**insurance**”, unless the context requires otherwise, includes assurance and reinsurance;

“**legal entity**” means a person that is not an individual;

“**own group member**”, in relation to a class 12 insurer, has the meaning given in paragraph 3;

“**person**” has the meaning given in section 35 of the Interpretation Act 2015; and  
“**reinsurance**” includes reinsurance of an underlying reinsurance, and “**reinsure**”  
is to be construed accordingly.

## 2 Class 12 requirements

- (1) All contracts of insurance written by a class 12 insurer must comply with the requirements of this Schedule.
- (2) In relation to a class 12 insurer, unless specified otherwise, the requirements of this Schedule apply to any —
  - (a) direct insurance; and
  - (b) direct insurance underlying any reinsurance,written by the insurer and “directly insure”, and “indirectly insure”, are construed respectively and accordingly.
- (3) Subject to subparagraphs (4) and (5) and paragraphs 3 to 9, a class 12 insurer may only —
  - (a) directly insure or indirectly insure the risks of —
    - (i) an own group member;
    - (ii) a connected legal entity; or
    - (iii) a connected individual,of the insurer; or
  - (b) indirectly insure a person that is a related customer, or other insurable person, of the insurer,or any combination thereof.
- (4) The Authority may give approval in writing for a class 12 insurer to undertake business other than business referred to in subparagraph (3) if (in addition to any other requirements of the Authority) the total risk exposure of the insurer corresponding to any and all such approvals in respect of the insurer can, to the satisfaction of the Authority, be consistently and reliably shown to be de minimis to the total other risk exposure of the insurer.
- (5) For the purposes of this Schedule, in relation to a contract of insurance, a person is not considered to be insured under the contract insofar as the person is simply referred to under the contract for the purpose of describing to whom an insured person under the contract (in accordance with class 12) has a potential liability (including a discretionary liability) which is indemnified under the contract.

## 3 Own group members

- (1) For the purposes of paragraph 2(3)(a)(i), an own group member of a class 12 insurer means a legal entity —

- (a) that is a —
    - (i) subsidiary;
    - (ii) holding company; or
    - (iii) subsidiary of a holding company, of the insurer;
  - (b) where a majority of the entity's beneficial ownership is the same as a majority of the beneficial ownership of the insurer or a holding company of the insurer; or
  - (c) that meets such other requirements as may be specified by the Authority.
- (2) In subparagraph (1), in relation to a class 12 insurer, “**holding company**” and “**subsidiary**” have their respective meanings given in section 220 of the Companies Act 2006 (except that each member that is party to an agreement referred to in section 220(1)(a)(iii) of that Act, if the agreement directly or indirectly controls a majority of the voting rights of the insurer, is treated as if it were a holding company).

#### 4 Connected legal entities

For the purposes of paragraph 2(3)(a)(ii), a connected legal entity of a class 12 insurer means a legal entity —

- (a) that is —
  - (i) an associate of;
  - (ii) an affiliate of; or
  - (iii) a joint venture undertaken by, the insurer or an own group member of the insurer;
- (b) where 20% or more of the entity's beneficial ownership is the same as 20% or more of the beneficial ownership of the insurer;
- (c) where —
  - (i) the insurance in question is in respect of work carried out by that entity for or on behalf of, or in conjunction with, the insurer or an own group member of the insurer; and
  - (ii) the insurer or an own group member of the insurer is responsible for that work;
- (d) with —
  - (i) an eligible business connection to the insurer or an own group member of the insurer (other than being a customer of the insurer or an own group member of the insurer); or
  - (ii) a connection which meets requirements otherwise specified by the Authority to be an eligible business connection for the purposes of this paragraph; or

- (e) which meets such other requirements as may be specified by the Authority.

## 5 Connected individuals

- (1) In this paragraph a “relevant legal entity”, in relation to a class 12 insurer, means the insurer, an own group member of the insurer or a connected legal entity of the insurer.
- (2) For the purposes of paragraph 2(3)(a)(iii), the following individuals are connected individuals of a class 12 insurer —
  - (a) a director of a relevant legal entity of the insurer, where the relevant legal entity is a company which has directors (or an equivalent, such as a trustee of a relevant legal entity that is a trust, or a partner of a relevant legal entity that is a partnership);
  - (b) an employee or other officer of a relevant legal entity of the insurer (including a secondee to the relevant legal entity);
  - (c) any individual where —
    - (i) the insurance in question is in respect of work carried out by that individual for or on behalf of, or in conjunction with, a relevant legal entity of the insurer; and
    - (ii) a relevant legal entity of the insurer is responsible for that work;
  - (d) in respect of an individual referred to in any of subparagraphs (a) to (c), a close family member of the individual where the insurance in question relates to the individual’s role with the relevant legal entity; and
  - (e) an individual who meets such other requirements as may be specified by the Authority.

## 6 Related customers and other insurable persons

- (1) For the purposes of paragraph 2(3)(b), in relation to a class 12 insurer, —
  - (a) a “related customer” is a customer with —
    - (i) an eligible business connection to an own group member of the insurer or a connected legal entity of the insurer; or
    - (ii) a connection which meets requirements otherwise specified by the Authority to be an eligible business connection for the purposes of this paragraph; and
  - (b) an “other insurable person” is a person in relation to the insurer which meets such other requirements as may be specified by the Authority.

- (2) Under paragraph 2(3)(b), in relation to a class 12 insurer, the insurer may only indirectly insure the risks of a related customer, or other insurable person, of the insurer where —
  - (a) those risks are ceded or retroceded to the insurer by a qualifying ceding insurer referred to in subparagraph (3); and
  - (b) that qualifying ceding insurer is liable for its corresponding underlying insurance obligations irrespective of whether or not it can recover (directly or indirectly from the class 12 insurer's reinsurance) any amounts it pays in respect of those obligations.
- (3) A **“qualifying ceding insurer”**, in subparagraph (2), must be an insurer that is licensed in a jurisdiction that determines its regulatory solvency and capital requirement using a suitably risk-based approach that is calibrated to at least a ‘1 in 200’ year (or a 99.5% value at risk) confidence level over a one year time horizon (the “qualifying criteria”), and includes only an insurer —
  - (a) authorised accordingly to carry on an insurance business in the United Kingdom, any Member State of the European Union or any other jurisdiction which is acceptable to the Authority based on the qualifying criteria;
  - (b) that is part of an insurance group where —
    - (i) the group overall is subject to such capital requirement; and
    - (ii) the group supervisor of the group is located in a jurisdiction referred to in subparagraph (a); or
  - (c) otherwise approved by the Authority in writing as a qualifying ceding insurer for the purposes of this paragraph.

## 7 **Changes in a class 12 insurer's circumstances**

- (1) Unless the Authority determines otherwise, any insurance business must not be treated as class 12 where the business —
  - (a) is that of a class 12 insurer which has been directly or indirectly sold, or otherwise transferred, and as a result substantially comes under new ownership or control;
  - (b) is transferred by way of loss portfolio transfer (or similar) to a class 12 insurer from another insurer; or
  - (c) has been, or will be, merged, amalgamated or consolidated with another insurer (or other process with the same or similar effect).
- (2) Without limiting subparagraph (1), in respect of a contract of insurance entered into in accordance with this Schedule, if circumstances subsequently change such that a person insured under the contract no longer meets the requirements of this Schedule (for example, where a contract written by a class 12 insurer insures a person that is an own group member of the insurer and, after entering into the contract, the person

becomes fully divested from the captive's group and no longer qualifies as an own group member of the insurer) the contract continues to be in accordance with this Schedule for the remainder of its duration (but this does not allow the contract to be renewed or extended by amendment).

- (3) Without limiting subparagraph (1), a class 12 insurer may directly insure or indirectly insure the risks of a person that previously met (but no longer meets) the requirements to be directly insured or indirectly insured by the insurer under this Schedule provided that any claims corresponding to the person may only arise in respect of an insured event which occurred at a time when the person did meet the requirements of this Schedule.

## **8 Additional discretion available to the Authority in relation a class 12 insurer**

- (1) Without limiting the powers of the Authority, the Authority may —
- (a) in any circumstance where, in the opinion of the Authority, it is unclear whether some or all of a class 12 insurer's business or prospective business meets any of the requirements of this Schedule, determine the degree to which that business meets or does not meet those requirements; or
  - (b) modify the requirements of this Schedule for any circumstances which, in the opinion of the Authority, are not already provided for.
- (2) Without limiting the powers of the Authority, where the business of a class 12 insurer is not (or appears to the Authority not to be) principally to directly insure or indirectly insure the risks of —
- (a) an own group member of the insurer; or
  - (b) a connected individual in respect of an own group member of the insurer,
- the Authority, in respect of the insurer, may approve in writing or specify requirements including those referred to in subparagraph (3).
- (3) The requirements referred to in subparagraph (2), in respect of a class 12 insurer, include —
- (a) a condition of authorisation under section 8 or 9 of the Act;
  - (b) a requirement under section 33 of the Act; and
  - (c) requiring the insurer to hold a class or classes of authorisation (whether in addition to class 12, or instead of class 12, in accordance with regulation 5) which the Authority considers to be appropriate in the circumstances.
- (4) A class 12 insurer must provide such information as the Authority may require in order to assess the insurer's business for the purposes referred to in subparagraph (2).



**9 Transition of class 12 business to this Schedule**

- (1) Any business of a class 12 insurer existing at the date on which these Regulations came into operation is treated as class 12 under this Schedule.
- (2) In relation to a class 12 insurer under this Schedule, any —
  - (a) new business entered into; or
  - (b) renewal or amendment of any business referred to in subparagraph (1) (including any extension by amendment),on or after at the date on which these Regulations came into operation, must be in accordance with this Schedule.

**SCHEDULE 2**

[Regulations 3(3) and 4(3)]

**CLASS 13: INSURANCE SPECIAL PURPOSE VEHICLES****1 Interpretation**

In this Schedule —

**“approved bank”** means a bank that —

- (a) has a credit quality step of 0, 1 or 2; or
- (b) is otherwise approved or specified by the Authority under paragraph 3(1)(c)(iii), for the purposes of paragraph 3(1)(c)(i);

**“approved outward reinsurance”** means —

- (a) in relation to a class 13 insurer that is also authorised in respect of class 12, a reinsurer that —
  - (i) is authorised to carry on insurance business in its home jurisdiction by each supervisor relevant to that business and each such supervisor is an approved supervisor; and
  - (ii) has a credit quality step of 0, 1 or 2; or
- (b) a reinsurer otherwise approved or specified by the Authority under paragraph —
  - (i) 3(1)(c)(iii) for the purposes of paragraph 3(1)(c)(ii); or
  - (ii) 3(1)(d)(ii) for the purposes of paragraph 3(1)(d)(i), as applicable;

**“balance sheet”** also includes a ‘statement of financial position’;

**“calculation date”**, in relation to a class 13 insurer, means the date in respect of which the insurer is evidencing (or, if the date is in the future, forecasting) its compliance with paragraph 2, its SCR or its MCR (as applicable);

**“credit quality step”** has the same meaning as given in the relevant solvency regulations;

**“eligibility requirements”**, in relation to a class 13 insurer, mean the requirements for eligibility of own-fund items of the insurer under —

- (a) the relevant solvency regulations, after taking account of the exemptions and modifications in paragraphs 6(1), 6(4) and 6(5);
- (b) any modifications specified by the Authority under paragraph 6(6); and
- (c) paragraph 6(7);

**“limited recourse”**, in relation to a contract of insurance of a class 13 insurer, means a clause or arrangement (irrespective of how it may be described) which reduces the insurer’s liability under the contract based on a lack of

availability of assets of the insurer to meet those liabilities whether in part or in full;

“**MAE**” is an abbreviation of “maximum aggregate exposure” and has the meaning given in paragraph 4;

“**off-balance sheet**”, in relation to a financial item in respect of a class 13 insurer, means —

- (a) the amount corresponding to that item which (irrespective of how it may be described) is not included on its relevant balance sheet; and
- (b) in respect of an item that is partially included and partially not included on its relevant balance sheet, the amount corresponding to the part that is not included;

“**on-balance sheet**”, in relation to a financial item in respect of a class 13 insurer, means —

- (a) the amount corresponding to that item which (irrespective of how it may be described) is included on its relevant balance sheet; and
- (b) in respect of an item that is partially included and partially not included on its relevant balance sheet, the amount corresponding to the part that is included;

“**own-fund item**” has the meaning given under the relevant solvency regulations, as modified by or under paragraph 6;

“**relevant balance sheet**”, in relation to a class 13 insurer, means the insurer’s balance sheet —

- (a) if the calculation date is the current date, made up to the current date;
- (b) if the calculation date is a date in the past for the purpose of the insurer evidencing an historic compliance position, made up to the date in respect of which the insurer’s compliance position is being evidenced; or
- (c) if the calculation date is a date in the future for the purpose of the insurer forecasting its compliance position, made up to the date in respect of which the insurer’s compliance position is being forecast,

in accordance with the insurer’s adopted accounting standards and practices (which must be in accordance with regulation 7);

“**TANA**” is an abbreviation of “total adjusted net assets” and has the meaning given in paragraph 3; and

“**tier**” has the same meaning as given in the relevant solvency regulations.

## 2 Full funding

- (1) Subject to paragraphs 3 to 5 and 10 —

- (a) a class 13 insurer must at all times be fully funded in accordance with this paragraph; and
- (b) to be fully funded, a class 13 insurer must have —
  - (i) TANA of an amount that is equal to or greater than its MAE; and
  - (ii) adequate additional funding of its other costs and expenses required to comply with its capital adequacy requirement under the CGC.

### 3 TANA (total adjusted net assets) - meaning, calculation and analysis

- (1) In this Schedule “TANA”, in relation to a class 13 insurer, means its total net assets as appearing on its relevant balance sheet, adjusted as follows (as applicable) —
  - (a) the insurer’s on-balance sheet liabilities arising in respect of its insurance obligations under the contracts of insurance it has written must be adjusted so that —
    - (i) the liabilities are shown gross of any amount which has been netted off from those liabilities (such as limited recourse, reinsurance recoverable or any other item that has been contractually offset against the liabilities); and
    - (ii) any amount which had been netted off (referred to in subparagraph (i)) is shown separately as an on-balance sheet asset and analysed with appropriate description to allow assessment of compliance with subparagraphs (c) and (2),  
(total net assets will remain the same after any such adjustment);
  - (b) add (to the net assets), as an off-balance sheet asset, any amount by which any on-balance sheet liability of the insurer has been approved in writing or specified by the Authority to be excluded from its on-balance sheet liabilities for the purposes of this subparagraph (subparagraph (b)) (do not also deduct the amount from the on-balance sheet liabilities);
  - (c) deduct (from the net assets) any on-balance sheet asset of the insurer (including any asset referred to in subparagraph (a)(ii)) which is not one of the following approved assets —
    - (i) cash amounts, and fixed term cash deposit amounts, of the insurer held at an approved bank;
    - (ii) amounts recoverable in respect of approved outward reinsurance of the insurer; or
    - (iii) any other on-balance sheet asset of the insurer approved in writing or specified by the Authority for the purposes of this subparagraph (subparagraph (c));

- (d) add (to the net assets) the following off-balance sheet assets of the insurer (which, where necessary, must also be currency converted in accordance with paragraph 5) —
    - (i) any approved outward reinsurance of the insurer insofar as it represents amounts that would be recoverable in respect of potential liabilities of the insurer arising from its contractual exposures included in its MAE; and
    - (ii) any other off-balance sheet asset approved in writing or specified by the Authority for the purposes of this subparagraph (subparagraph (d)); and
  - (e) deduct (from the net assets) the amount by which any —
    - (i) on-balance sheet asset still included within the total calculated in accordance with subparagraphs (a) or (c); or
    - (ii) off-balance sheet asset added in accordance with subparagraph (b) or (d),must be excluded in accordance with subparagraph (2).
- (2) For the purposes of subparagraph (1)(e), in relation to a class 13 insurer, an asset must be excluded to the fullest potential amount by which the asset is —
- (a) subject to a security interest (such as a mortgage, charge or lien) for a purpose other than securing that some or all of the insurer's insurance obligations under the contracts of insurance it has written are met; or
  - (b) otherwise restricted such that, in respect of the insurer's potential liabilities which may arise from the insurer's insurance obligations under the contracts of insurance it has written, the asset —
    - (i) is not available to meet any of the potential liabilities; or
    - (ii) exceeds the amount of the potential liabilities it is available to meet.

#### **4 MAE (maximum aggregate exposure) - meaning, calculation and analysis**

- (1) In this Schedule "MAE", in relation to a class 13 insurer, means its total off-balance sheet absolute maximum aggregate limit of exposure to potential liability over the lifetime of its collective insurance obligations under all of the insurance contracts it has written.
- (2) In relation to a class 13 insurer, its MAE must be calculated by —
  - (a) identifying the insurer's total gross contractual exposure within its MAE (including all contracts where, at the calculation date, the insurer has any amount of exposure to potential liability but excluding contracts where all of the insurer's exposure to potential liability has been fully and permanently terminated); and

- (b) deducting from that total the amounts referred to in subparagraph (4).
- (3) In subparagraph (2)(a), “gross”, includes, for example, that the exposure in question must be stated without applying any deductions such as limited recourse, reinsurance recoverable or any other item that may be contractually offset against that exposure, including (for the purposes of subparagraph (2)(a)) being stated without applying any of the deductions referred to in subparagraphs 2(b) and (4).
- (4) In relation to a class 13 insurer, as referred to in subparagraph 2(b), the following may be deducted from its total gross contractual exposure referred to in subparagraph (2)(a) —
  - (a) any part (or, if applicable, all) of that exposure insofar as the insurer has provided for the exposure as an on-balance sheet liability appearing on its relevant balance sheet;
  - (b) any paid claim, at the calculation date, insofar as the claim —
    - (i) contractually reduces that exposure residually; and
    - (ii) has been accounted for as paid in the insurer’s relevant balance sheet;
  - (c) any part (or, if applicable, all) of that exposure, at the calculation date, insofar as it can be reduced in accordance with any limited recourse approved in writing or specified by the Authority for the purposes of this subparagraph (subparagraph (4));
  - (d) any part of that exposure, at the calculation date, insofar as it has been terminated permanently by means other than as referred to in subparagraphs (b), (c) or (e) (such as where the exposure has been commuted back to the insured or reinsured); and
  - (e) any other deduction as may be approved in writing or specified by the Authority for the purposes of this subparagraph (subparagraph (4)),

and where no two such deductions can be applied in respect of the same exposure.

- (5) A class 13 insurer’s MAE, in accordance with any requirements of the Authority under paragraph 8, may, for example, be restricted such that it comprises only of the insurer’s exposures under —
  - (a) a single contract of insurance;
  - (b) a limited number of related contracts; or
  - (c) multiple contracts under an aggregate limit of exposure for all underlying contracts written by the insurer within a specified period,

or any combination thereof.

- (6) Without limiting regulation 19, for reporting purposes in respect of a class 13 insurer, the Authority may require the insurer's MAE calculation referred to in this paragraph to be analysed (as referred to in subparagraphs (2) to (4)) for each component —
  - (a) contract of insurance; or
  - (b) aggregate limit of contractual liability,referred to in subparagraph (5), as applicable for MAE calculation purposes.
- (7) Where necessary, any relevant off-balance sheet items relating to the calculation of the MAE under this paragraph must be currency converted in accordance with paragraph 5.

## 5 Currency conversion for full funding purposes

For the purposes of paragraph 2(1)(b)(i), in respect of a class 13 insurer, any relevant off-balance sheet amounts of the insurer, including —

- (a) any relevant amounts within its MAE referred to in paragraph 4(7); and
- (b) any off-balance sheet assets approved or specified in accordance with paragraph 3(1)(d),

must be the relevant amounts as at the calculation date and, if not already denominated in the reporting currency of the insurer's relevant balance sheet, must be converted to that currency using the same exchange rate for that currency as used in the relevant balance sheet or, if no such exchange rate is used, an exchange rate approved by the Authority in writing for the purposes of this paragraph.

## 6 Capital requirements, including SCR and MCR

- (1) Subject to subparagraphs (2) to (7) and (as applicable) paragraph 8, in respect of a class 13 insurer, in respect of its —
  - (a) class 13 authorisation, it is exempt from the —
    - (i) Insurance (Long-Term Business Valuation and Solvency) Regulations 2021; and
    - (ii) Insurance (Non Long-Term Business Valuation and Solvency) Regulations 2021;
  - (b) class or classes of authorisation other than 13, it is exempt from the —
    - (i) Insurance (Long-Term Business Valuation and Solvency) Regulations 2021 except for Part 6 of those regulations; and

- (ii) Insurance (Non Long-Term Business Valuation and Solvency) Regulations 2021 except for Part 6 of, and Schedule 9 to, those regulations,  
as applicable to that class or those classes.
- (2) A class 13 insurer must hold, at all times, eligible own-funds of an amount that is equal to or greater than its SCR, where its SCR is equal to its MAE.
- (3) A class 13 insurer must hold, at all times, eligible own-funds of an amount that is equal to or greater than its MCR, which is, —
  - (i) where the insurer is a cell of a PCC and is also authorised in respect of class 12, £1;
  - (ii) where the insurer is not a cell of a PCC and is also authorised in respect of class 12, £100,000;
  - (iii) where the insurer is also authorised in respect of any of classes 3 to 9 or 11, £500,000; or
  - (iv) where the insurer is also authorised in respect of any of classes 1, 2 or 10, £3,000,000,
 or such other amount as the Authority may specify.
- (4) In the Insurance (Long-Term Business Valuation and Solvency) Regulations 2021, Part 6 is modified as follows —
  - (a) in regulation 107, paragraph (1) applies as if there were substituted —
    - (1)** An insurer's capital resources, or "own-funds" are its TANA in accordance with paragraph 3 of Schedule 2 to the Insurance Regulations 2025. **(2)**;
  - (b) in regulation 109, paragraph (2) applies as if there were substituted —
    - (2)** Subject to an alternative requirement approved in writing or specified by the Authority, at a minimum an insurer must hold eligible own-fund items of sufficient quality as follows, —
      - (a) to meet its SCR, —
        - (i) subject to subparagraph (ii), 100% Tier 1 own-fund items; and
        - (ii) up to 100% Tier 2 or 3 ancillary own-funds as may be approved in writing or specified by the Authority for the purposes of this subparagraph (subparagraph (a)),  
where the amount of any approval under subparagraph (ii) reduces the amount required under subparagraph (i), and the total of subparagraphs (i) and (ii) remains 100%); and
      - (b) to meet its MCR, 100% Tier 1 own-fund items. **(2)**; and



- (c) those Regulations are to be read with such other modifications as are necessary in consequence of this Schedule.
- (5) In the Insurance (Non Long-Term Business Valuation and Solvency) Regulations 2021, Part 6 and Schedule 9 are modified as follows —
  - (a) in regulation 71, paragraph (1) applies as if there were substituted —
    - (1)** An insurer’s capital resources, or “own-funds” are its TANA in accordance with paragraph 3 of Schedule 2 to the Insurance Regulations 2025. **(2)**;
  - (b) paragraph 1(5) of Schedule 9 to the Insurance Regulations 2025, applies as if for “regulation 14” there were substituted **(1)** the adopted accounting standards and practices of the insurer in accordance with regulation 7 of the Insurance Regulations 2025 **(2)**;
  - (c) in regulation 73, paragraph (2) applies as if there were substituted —
    - (2)** Subject to an alternative requirement approved in writing or specified by the Authority, at a minimum an insurer must hold eligible own-fund items of sufficient quality as follows, —
      - (a) to meet its SCR, —
        - (i) subject to subparagraph (ii), 100% Tier 1 own-fund items; and
        - (ii) up to 100% Tier 2 or 3 ancillary own-funds as may be approved in writing or specified by the Authority for the purposes of this subparagraph (subparagraph (a)),
 where the amount of any approval under subparagraph (ii) reduces the amount required under subparagraph (i), and the total of subparagraphs (i) and (ii) remains 100%; and
      - (b) to meet its MCR, 100% Tier 1 own-fund items. **(2)**; and
  - (d) those Regulations are to be read with such other modifications as are necessary in consequence of this Schedule.
- (6) In respect of a class 13 insurer’s own-funds the Authority may modify any eligibility requirements as may be specified by the Authority.
- (7) In respect of a class 13 insurer, in addition to any other eligibility requirements applicable to its own-fund items, the insurer must have control over its own-fund items to ensure that they remain in place to enable the insurer to comply with the requirements of this Schedule at all times (including taking account of any circumstances which might unexpectedly extend the duration of its insurance business exposures within its MAE).

## 7 Actuarial exemption

A class 13 insurer, unless the Authority specifies otherwise, is exempt from the requirement to appoint an actuary under section 18 of the Act.

## 8 Business and activity restrictions

- (1) The Authority may approve in writing or specify restrictions on any business or activity (or both) of a class 13 insurer and the insurer must comply with any such restrictions.
- (2) Without limiting the generality of subparagraph (1), such restrictions may take account of any self-determined special purpose of the insurer and may, for example, impose limits on the —
  - (a) type or composition of the insurer's funding;
  - (b) number, nature or scope (including limits of exposure) of insurance contracts that may be written by the insurer; or
  - (c) addition of any new, renewed or extended contracts of insurance of the insurer where the insurer already has residual exposure to potential liability on existing contracts it has written,or any combination thereof.
- (3) Without limiting the generality of subparagraph (1) —
  - (a) a class 13 insurer must have no residual exposure under any contract of insurance it has written that exceeds the maximum period (as applicable) in accordance with subparagraph (b) calculated from the date the insurer entered into the contract (for example, the maximum period might be complied with by the contract —
    - (i) having a 'claims-made' basis where any claims under the contract must be made within a predefined timeframe;
    - (ii) where the insurer has the right to commute the risks involved back to the insured or reinsured; or
    - (iii) having a non-indemnity (parametric) claims payout trigger that provides certainty as to when the exposure terminates permanently); and
  - (b) unless the Authority approves in writing or specifies otherwise, the maximum period referred to in subparagraph (a) for an insurer authorised in respect of class —
    - (i) 13 and 12 is 5 years; and
    - (ii) 13 and any other class is 2 years.

**9 Approval required to surrender class 13**

Pursuant to section 33 of the Act, in relation to a class 13 insurer, unless the insurer is in a position to surrender all of its classes of authorisation, it cannot surrender its class 13 authorisation without the Authority's written approval to do so.

**10 Discretion to allow SCR or full funding to be calculated net of limited recourse**

The Authority may approve in writing or specify circumstances where, and the degree to which, a class 13 insurer's SCR, or full funding requirement under paragraph 2(1)(b)(i), may be calculated net of limited recourse (for example —

- (a) in relation to the insurer's relevant balance sheet, an on-balance sheet asset in respect of a limited recourse reduction of an on-balance sheet liability, whether appearing on the balance sheet unadjusted or as an adjustment in accordance with paragraph 3(1)(a)(ii), may be treated as an approved asset if it is approved or specified by the Authority under paragraph 3(1)(c)(iii); or
  - (b) in accordance with paragraph 4(4)(c),
- as applicable).

**SCHEDULE 3**

[Regulation 4(4)]

**FAST-TRACK AUTHORISATION****1 Meaning of fast-track authorisation and process**

In this Schedule “fast-track authorisation” means a regulatory process by which authorisation may be granted by the Authority within an accelerated timescale, or a regulatory process by which a cell of an authorised PCC may be pre-authorised by the Authority, and “fast-track process” is to be construed accordingly.

**2 Fast-track process and related requirements**

- (1) Without limiting any other power available to the Authority, the Authority may specify a fast-track process pursuant to this Schedule, including —
  - (a) simplified requirements by which a person might apply to the Authority to be authorised within an accelerated timescale;
  - (b) potential accelerated timescales;
  - (c) requirements for eligibility;
  - (d) a simplified application form;
  - (e) requirements for the completion and submission of a subsequent corresponding full application;
  - (f) timescales for the submission of a full application;
  - (g) requirements in respect of a person authorised by way of a fast-track process —
    - (i) pending the completion of the person’s corresponding full application; and
    - (ii) in the event that —
      - (A) there is inconsistency between the person’s simplified application and corresponding full application; or
      - (B) the person fails to submit a correctly completed full application which is acceptable to the Authority or within a timescale required by the Authority; and
  - (h) any other matter the Authority considers appropriate.
- (2) The Authority may exercise any power available to it to support the imposition of a process or requirement under subparagraph (1).

**SCHEDULE 4**

[Regulation 4(5)]

**REGULATORY SANDBOXING****1 Meaning of regulatory sandboxing and sandbox**

In this Schedule “regulatory sandboxing” means a situation where the Authority creates a controlled, temporary regulatory environment within which new or innovative insurance business might be safely tested and developed prior to applying for full authorisation outside of that environment, and “sandbox” is to be construed accordingly.

**2 Requirement to be subject to a sandbox**

- (1) The Authority may, at the request of an authorised insurer or applicant to be an authorised insurer, require under section 33 of the Act that the —
  - (a) authorised insurer is; or
  - (b) applicant to be an authorised insurer, if authorised, will be, subject to a sandbox.
- (2) No authorised insurer is subject to a sandbox unless required by the Authority in accordance with subparagraph (1).

**3 Modification of regulatory requirements for sandbox purposes**

- (1) In respect of an authorised insurer that is subject to a sandbox, the Authority may exempt the insurer from part or all of —
  - (a) these Regulations;
  - (b) the relevant solvency regulations;
  - (c) the Insurance (Conduct of Business) (Long Term Business) Code 2021<sup>12</sup>; and
  - (d) the Insurance (Conduct of Business) (Non Long Term Business) Code 2018<sup>13</sup>.
- (2) In respect of an authorised insurer exempted under subparagraph (1), for any requirements in respect of which the insurer is exempted, the Authority may substitute simplified requirements as specified by the Authority, including for the purpose of minimising any —
  - (a) regulatory risks;
  - (b) risks to policyholders or potential policyholders; or
  - (c) reputational risks to the Island,

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<sup>12</sup> SD 2021/0133

<sup>13</sup> SD 2018/0290

which the Authority considers to be relevant (simplified requirements are likely to be more prudent than the requirements they substitute).

#### **4 Sandbox process and related requirements**

- (1) Without limiting the generality of paragraph 3 or any other power available to the Authority, the Authority may specify a sandbox process pursuant to this Schedule, including —
  - (a) a process under which a person might apply to the Authority to become authorised and subject to a sandbox;
  - (b) requirements for eligibility;
  - (c) an application form;
  - (d) modified regulatory requirements under paragraph 3, which may for example include —
    - (i) limitations in relation to the business and any other activity of an authorised insurer that is subject to a sandbox;
    - (ii) capital and solvency requirements applicable to an authorised insurer that is subject to a sandbox (such as full funding under class 13); or
    - (iii) requirements for an authorised insurer that is subject to a sandbox to be managed by an established registered insurance manager;
  - (e) limitations on the duration of a sandbox;
  - (f) in relation to an authorised insurer that is subject to a sandbox and the sandbox is subject to a limited duration imposed by the Authority, requirements for the insurer to —
    - (i) have an exit strategy and contractual provisions consistent with terminating all of its insurance business before the expiry of the duration period; and
    - (ii) complete and submit an application (before the expiry of the duration period) for full authorisation outside of the sandbox; and
  - (g) in relation to an authorised insurer that is subject to a sandbox, requirements for the cessation of any regulated insurance activity and surrender of its authorisation in the event that an application for full authorisation outside of a sandbox is unsuccessful; and
  - (h) any other matter the Authority considers appropriate.
- (2) The Authority may exercise any power available to it to support the imposition of a process or requirement under subparagraph (1).

**5 PCC cell sandbox**

For the purposes of this Schedule, the Authority may require that the business of a cell of an authorised PCC is subject to a sandbox without the business the PCC's core or any other cell of the PCC being subject to the sandbox.

**SCHEDULE 5**

[Regulation 4(6)]

**MATTERS RELATING TO INSURERS THAT ARE PROTECTED CELL COMPANIES****1 Application of the Act, these Regulations and the relevant solvency regulations**

- (1) The Act, these Regulations and the relevant solvency regulations apply to an authorised PCC subject to the modifications specified in this Schedule and with any other necessary modifications.
- (2) Where the Act, these Regulations and the relevant solvency regulations (or any combination thereof) are applicable to a permit holder that is a PCC equivalent, they apply, subject to the modifications specified in this Schedule and with any other necessary modifications, to the PCC equivalent as they apply to an authorised PCC.

**2 Interpretation**

In this Schedule —

**“cell”**, in relation to a PCC, has the meaning given in the PCC legislation and, in relation to a PCC equivalent, means the equivalent of a cell of a PCC;

**“contract”**, in relation to a contract of insurance of an authorised PCC, includes arrangements referred to in —

- (a) section 34 of the Protected Cell Companies Act 2004; or
- (b) section 135 of the Companies Act 2006,

and, in relation to a PCC equivalent, includes any equivalent of such provisions as may have effect in respect of an authorised PCC which has effect in respect of the PCC equivalent;

**“core”**, in relation to a PCC, means its non-cellular part in accordance with the PCC legislation and, in relation to a PCC equivalent, means the equivalent of the core of a PCC;

**“non-cellular”**, in relation to a PCC, has the meaning given in the PCC legislation and reference to non-cellular insurance business and non-cellular shares of the PCC means the insurance business or shares of the PCC that are not attributable to (or, in the case of shares, not issued in respect of) any cell of the PCC and, in relation to a PCC equivalent, means the equivalent of “non-cellular” in relation to a PCC;

**“PCC”** is an abbreviation of “protected cell company” and has the meaning given in the PCC legislation;

**“PCC equivalent”** means a person which —



- (a) is incorporated in a jurisdiction other than the Island; and
- (b) is the equivalent of a PCC;

**“PCC legislation”** means the —

- (a) Protected Cell Companies Act 2004, or
- (b) Companies Act 2006;

**“secondary liability”**, in relation to a PCC, means where the PCC’s core becomes secondarily liable for the liabilities of one or more of the PCC’s cells in accordance with —

- (a) section 17 of the Protected Cell Companies Act 2004; or
- (b) section 122 of the Companies Act 2006,

and, in relation to a PCC equivalent, means any equivalent of secondary liability as may have effect in respect of a PCC which has effect in respect of the PCC equivalent; and

**“supporting core”** has the meaning given in paragraphs 5(4) and 5(5).

### 3 Modifications to the Act as applied to PCCs

- (1) In relation to an authorised PCC, sections 12A and 12B of the Act are modified as if they apply only to —
  - (a) its core in relation to the core’s SCR, MCR and any non-cellular dividend or distribution; and
  - (b) each of its cells in relation to the cell’s SCR, MCR and any dividend or distribution attributable to the cell.
- (2) In relation to an authorised PCC —
  - (a) subject to subparagraphs (b) to (d), sections 12C to 13 of the Act are modified as if they apply to —
    - (i) its core in relation to the core’s SCR and MCR; and
    - (ii) each of its cells in relation to the cell’s SCR and MCR;
  - (b) sections 12D(b) and 13(7)(b) of the Act are modified as if the Authority may, where the eligible capital resources of —
    - (i) its core fall below the core’s SCR, withdraw the core’s authorisation; or
    - (ii) a cell of the PCC fall below the cell’s SCR, withdraw the cell’s authorisation,in accordance with section 10 of the Act;
  - (c) sections 12C(1)(b) and 13(7)(a) of the Act are modified as if the Authority may, where the eligible capital resources of —
    - (i) its core fall below the core’s MCR, and if the Authority considers it appropriate taking into account any cellular

- business of the PCC, present a petition for the winding up of the PCC under paragraph 4 of Schedule 3 to the Act; or
- (ii) a cell of the PCC fall below the cell's MCR —
    - (A) present a petition under section 39A of the Act to the High Court for the appointment of a receiver in respect of the cell; or
    - (B) if the Authority considers it appropriate taking into account any business of the PCC attributable to its core and any other cell of the PCC, present a petition for the winding up of the PCC under paragraph 4 of Schedule 3 to the Act; and
  - (d) section 39A of the Act is modified as if after paragraph (2) there were inserted —
 

2A The receivership of a cell of a PCC shall be conducted in accordance with —

    - (a) Part 5 (receivership orders) of the Protected Cell Companies Act 2004; or
    - (b) Chapter 5 (receivership orders) of Part VII (protected cell companies) of the Companies Act 2006 22,

in accordance with the act under which the PCC is incorporated.
  - (3) Section 16 of the Act does not restrict the core of an authorised PCC from managing the insurance business of any of the PCC's cells in accordance with their respective authorisations.

#### 4 Modifications to these Regulations and relevant solvency regulations as applied to PCCs

In relation to an authorised PCC —

- (a) the restrictions on the combination of classes referred to in regulation 5 apply to the authorisation of its core and each of its cells respectively, and not to the PCC overall;
- (b) regulation 6 applies only to —
  - (i) its core in relation to the core's SCR, MCR and any non-cellular dividend or distribution; and
  - (ii) each of its cells in relation to the cell's SCR, MCR and any dividend or distribution attributable to the cell;
- (c) regulation 10 applies to the direct and indirect holding structure in respect of its issued cellular and non-cellular shares respectively; and
- (d) where a class 13 authorisation has been granted to its core or a cell of the PCC, Schedule 2 —

- (i) applies only to the business of the core or that cell respectively; and
- (ii) does not apply to the PCC overall (unless the PCC has no cells and its core is authorised as class 13).

## **5 Modifications in relation to the authorisation of a PCC**

- (1) Subject to subparagraphs (2) to (6), the authorisation of a PCC is limited such that it allows the PCC to carry on —
  - (a) by way of its core, only non-cellular insurance business (including all activities in connection with or for the purpose of that business) of a class specified by the Authority as being applicable to the core; or
  - (b) by way of a particular cell of the PCC, only insurance business that is attributable to that cell (including all activities in connection with or for the purpose of that business) which is of a class specified by the Authority as being applicable to that cell.
- (2) In relation to an authorised PCC —
  - (a) its core must be authorised in accordance with subparagraph (1)(a); and
  - (b) each of its cells must be authorised in accordance with subparagraph (1)(b).
- (3) Subparagraphs (1) and (2) do not limit the operation of any secondary liability in respect of the PCC.
- (4) Where the core of a PCC meets the requirements of subparagraph (5), the Authority may authorise the core under subparagraph (1)(a) as a class 12 “supporting core”.
- (5) A supporting core of an authorised PCC, referred to in subparagraph (4), is limited to being a central management resource of the PCC and must not carry on any non-cellular insurance business.
- (6) Subparagraphs (1), (2) and (5) have effect as conditions of authorisation under section 8 or 9 of the Act.

## **6 Modifications in relation to standby authorised insurers that are a PCC or a cell of a PCC**

In relation to an authorised PCC —

- (a) the core of the PCC is eligible to be a standby authorised insurer under regulation 20(2) if —
  - (i) the insurance business in respect of which the core is authorised meets the requirements of regulation 20(2); and
  - (ii) all of the cells of the PCC (if any) are standby authorised insurers in accordance with subparagraph (b); and

- (b) a cell of the PCC is eligible to be a standby authorised insurer under regulation 20(2) if the insurance business in respect of which the cell is authorised meets the requirements of regulation 20(2).


## **7 Modifications in relation to Schedule 1 (class 12: captive insurers) as applied to a PCC**

- (1) Where a class 12 authorisation has been granted to the core or a cell of a PCC, Schedule 1 —
  - (a) applies only to the business of the core or that cell respectively; and
  - (b) does not apply to the PCC overall (unless the PCC has no cells and its core is authorised as class 12).
- (2) Where a class 12 insurer is the core of a PCC and —
  - (a) where applying paragraph 3 of Schedule 1 in respect of the core —
    - (i) in determining a holding company of the core by reference to the —
      - (A) voting rights of the PCC, only the voting rights of the issued non-cellular shares of the PCC are taken into account; or
      - (B) right to appoint or remove a majority of the board of directors, the board of the PCC overall is taken into account;
    - (ii) only the core is treated as if it were a subsidiary of a holding company referred to in subparagraph (i); and
    - (iii) a subsidiary of the core includes only a subsidiary of the PCC that is not attributable to any cell of the PCC; and
  - (b) where applying paragraphs 3(1)(b) and 4 to 6 of Schedule 1 in respect of the core, only the non-cellular aspects of the PCC are taken into account.
- (3) Where a class 12 insurer is the cell of a PCC and —
  - (a) where applying paragraph 3 of Schedule 1 in respect of the cell —
    - (i) in determining a holding company of the cell by reference to the voting rights of the PCC, only the voting rights of the issued shares of the PCC attributable to the cell are taken into account;
    - (ii) a cell cannot have a holding company determined by reference to the right to appoint or remove a majority of the PCC's board of directors;
    - (iii) a legal entity that —
      - (A) holds a majority of the shares of the PCC attributable to the cell; or

- (B) by way of a contractual agreement with the PCC has a beneficial interest in a majority of the profits attributable to the cell,
- is treated as if it were a holding company of the cell and the cell is treated as if it were its subsidiary; and
- (iv) a subsidiary of the cell includes only a subsidiary of the PCC that is attributable to the cell; and
- (b) where applying paragraphs 3(1)(b) and 4 to 6 of Schedule 1 in respect of the cell, only the aspects of the PCC attributable to the cell are taken into account.

## 8 Modifications in relation to reporting requirements as applied to a PCC

Regulation 19 applies in relation to an authorised PCC, as if —

- (a) for regulations 19(6) and 19(7) there were substituted —
  -  (6) For the purposes of paragraphs (1)(a) and (4), an annual return of an authorised PCC, in respect of the PCC and corresponding to the reporting period (ordinarily the financial year) of its accompanying audited accounts, must include the following —
    - (a) separately for its core and each of its cells in accordance with the core or cell's authorisation —
      - (i) a completed return containing for the core or cell —
        - (A) information in respect of its regulatory economic balance sheet (or, in the case of a class 13 insurer, its TANA and MAE in accordance with Schedule 2) and SCR and MCR results;
        - (B) other supplementary information about its business; and
        - (C) general information and statistical data (as may be specified by the Authority in respect of a core or cell, as applicable);
      - (ii) where the core or cell, other than a core or cell authorised in respect of class 13, is authorised in respect of long-term business, a copy of its actuarial report as required by regulation 7 of the Insurance (Long-Term Business Valuation and Solvency) Regulations 2021 corresponding to the core's or cell's —
        - (A) reported position in respect of its technical provisions and SCR as at the balance sheet date of its audited accounts submitted in its annual return under paragraph (1)(a); and

- (B) calculation of, and other matters related to, that position; and
  - (iii) where the core or cell, other than a core or cell authorised in respect of class 13, is authorised in respect of non long-term business, a copy of its board report as required by regulation 8 of the Insurance (Non Long-Term Business Valuation and Solvency) Regulations 2021 corresponding to the core's or cell's —
    - (A) reported position in respect of its technical provisions and capital requirements (including MCR and SCR) as at the balance sheet date of its audited accounts submitted in its annual return under paragraph (1)(a); and
    - (B) calculation of, and other matters related to, that position; and
- (b) for the PCC as a whole —
  - (i) a certificate (“Directors’ Certificate”), signed by two of the PCC’s directors, at least one of whom must be resident in the Island, certifying the accuracy of the completed return and including such other information or confirmation in respect of the PCC (and, where separately required, in respect of its core, a cell or cells) as may be specified by the Authority;
  - (ii) except in respect of its core or any cell of the PCC that is authorised as class 12 or 13, a report (“Auditor’s Report”), signed by the PCC’s Auditor, which includes the auditor’s opinion in respect the information submitted by the PCC, referred to in subparagraphs (a)(i)(A) and (b)(i);
  - (iii) the Directors’ Certificate on Corporate Governance as required by paragraph 8 of the CGC (for any material matters required to be disclosed, if not already made clear in the certificate, the PCC must specify in each instance whether the matter relates to the PCC as a whole, or is restricted to its core or one or more of its cells (identifying each such cell) or, if a combination of these, that combination);
  - (iv) the information in respect of governance communication as required by paragraph 58(1) of the CGC (for any material matters included in the communication, if not already made clear in the

- communication, the PCC must specify in each instance whether the matter relates to the PCC as a whole, or is restricted to its core or one or more of its cells (identifying each such cell) or, if a combination of these, that combination);
    - (v) a PCC summary, including information in respect of secondary liability; and
    - (vi) general information and statistical data (as may be specified by the Authority in respect of a PCC as a whole).
- (7) For the purposes of paragraphs (1)(b), (1)(c), (4) and (5), a quarterly return, bi-annual return or other frequency of return of an authorised PCC must include the following for the relevant reporting period –
  - (a) where the core or a cell of the PCC is authorised in respect of long-term business, separately for the core and each such cell –
    - (i) the information required in paragraph (6)(a)(i)(A); and
    - (ii) such of the information required in paragraph (6)(a)(i)(B), as may be specified by the Authority; and
  - (b) where the core or a cell of the PCC is authorised in respect of non long-term business, separately for the core and each such cell –
    - (i) the information required in paragraph (6)(a)(i)(A); and
    - (ii) subject to paragraph (8), a copy of its management accounts and any other information that the Authority may specify to supplement those accounts. ~~22~~; and
- (b) after regulation 19(7) there were inserted –
- ~~64~~(8) In paragraph (7)(b)(ii), the quarterly return, bi-annual return or other frequency of return of an authorised PCC may, unless the Authority requires otherwise, be provided in the form of –
  - (a) separate management accounts for each of its cells and its core; or
  - (b) combined management accounts, provided that the financial information of –
    - (i) each cell included; and
    - (ii) the core, where included,
 are clearly identified and separately shown in columnar format and any accompanying information, such as

analysis, notes and commentaries, clearly state the cell or core to which they relate and, where appropriate, analyse the information between each such cell and core. **22**.

## 9 Modifications in relation to registers as applied to a PCC

- (1) Schedule 8 applies in relation to an authorised PCC, modified as if for Part 1 of that Schedule there were substituted —

### **22 PART 1 (REGISTER OF AUTHORISED INSURERS)**

The register of current authorised insurers required to be kept under section 48 of the Act must contain the following particulars of each authorised insurer that is a PCC —

- (a) the name of the PCC that is the authorised insurer and any business names it uses;
- (b) the name or designation of each of its cells respectively and any business names it uses in respect of each such cell respectively;
- (c) the address of its registered office;
- (d) its principal place of business in the Island (if different from the address of its registered office);
- (e) the categories and classes of insurance business carried on for which it is, or was, authorised in respect of its core and each of its cells respectively;
- (f) in relation to each class of insurance business for which it is, or was, authorised —
  - (i) the date when the authorisation was granted to its core and each of its cells respectively; and
  - (ii) if its core or any of its cells is no longer authorised in respect of any class of insurance business, for each such class, the date when its core or cell (in each such case) ceased to be so authorised respectively;
- (g) any conditions to which the authorisation of its core or any of its cells is subject respectively (except a condition referred to in paragraph 5(6) of Schedule 5);
- (h) the name of its registered insurance manager (if appointed);
- (i) if the authorisation of its core or any of its cells has been withdrawn in respect of new business, that fact respectively in each such case; and
- (j) its authorisation number applicable to its core and each of its cells respectively. **22**.



- (2) Schedule 8 applies in relation to a PCC equivalent, modified as if for Part 2 of that Schedule there were substituted —

## **PART 2 (REGISTER OF PERMIT HOLDERS)**

The register of current permit holders required to be kept under section 48 of the Act must contain the following particulars of each permit holder that is a PCC equivalent —

- (a) the name of the PCC equivalent that is the permit holder and any other business names it uses that are relevant to its permit;
  - (b) the name or designation of each of its cells respectively, in respect of which its permit is, or was, issued and any other business names it uses in respect of each such cell respectively that are relevant to its permit;
  - (c) the address of its registered office;
  - (d) its principal place of business in the Island;
  - (e) its country or territory of incorporation;
  - (f) the classes of insurance business carried on for which its permit is, or was, issued in respect of its core and each of its cells respectively;
  - (g) in relation to each class of insurance business for which its permit is, or was, issued —
    - (i) the date when the permit was issued to its core and each of its cells respectively; and
    - (ii) if its core or any of its cells no longer holds a permit in respect of any class of insurance business, for each such class, the date when its core or cell (in each such case) ceased to hold such permit respectively;
  - (h) any conditions to which the permit in respect of its core or any of its cells is subject respectively (except a condition referred to in paragraph 5(6) of Schedule 5);
  - (i) the name of its registered insurance manager (if appointed);
  - (j) if the permit of its core or any of its cells has been withdrawn in respect of new business, that fact respectively in each such case; and
  - (k) its permit number applicable to its core and each of its cells respectively. **22.**
- (3) Regulation 11 applies to authorised PCCs and PCC equivalents as if for regulation 11(4)(b) there was substituted —

- (b) include the date the authorisation or permit of its core and each cell respectively was surrendered or terminated (and state which applies in each case); and ■.

## 10 Application of this Schedule to permit holders

For the purposes of section 22 of the Act, in respect of a PCC equivalent that is a permit holder paragraphs —

- (a) 2, 3, 4(c), 4(d), 5 (except for paragraph 5(2)) and 7; and
  - (b) 4(b), and 8, if required by way of regulation 17,
- apply in the manner described in paragraph 1.

**SCHEDULE 6**

[Regulation 4(7)]

**MATTERS RELATING TO INSURERS THAT ARE INCORPORATED CELL COMPANIES OR INCORPORATED CELLS****1 Application of the Act and these Regulations**

- (1) The Act, these Regulations and the relevant solvency regulations apply to an authorised ICC and an authorised IC with the modifications specified in this Schedule and with any other necessary modifications.
- (2) Where the Act, these Regulations and the relevant solvency regulations (or any combination thereof) are applicable to a permit holder that is an ICC equivalent or an IC equivalent, they apply, subject to the modifications specified in this Schedule and with any other necessary modifications, to the ICC equivalent or IC equivalent as they apply to an authorised ICC or an authorised IC.

**2 Interpretation**

In this Schedule —

**“authorised”**, includes provisionally authorised;

**“combine”**, in relation to an election to combine the accounts of an ICC with any of its ICs or an IC with any other IC of its ICC, means an election under paragraph 3(3) of Schedule 1 to the ICC Act or paragraph 2(2) of Schedule 3 to the Incorporated Cells Regulations 2011<sup>14</sup>;

**“IC”** is an abbreviation of “incorporated cell” and has the meaning given in the ICC Act;

**“ICC”** is an abbreviation of “incorporated cell company” has the meaning given in the ICC Act;

**“ICC Act”** means the Incorporated Cell Companies Act 2010;

**“ICC equivalent”** means a person which —

- (a) is incorporated in a jurisdiction other than the Island; and
- (b) is the equivalent of an ICC in accordance with these Regulations;

**“IC equivalent”** means a person which —

- (a) is incorporated in a jurisdiction other than the Island; and
- (b) is the equivalent of an IC in accordance with these Regulations; and

**“provisional authorisation”** has the meaning given in paragraph 3 and “provisionally authorised” is to be construed accordingly.

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<sup>14</sup> SD 2011/0387

### **3 Provisional authorisation of an ICC or an IC**

- (1) Persons intending —
  - (a) to form an ICC or an IC; or
  - (b) to convert a company which is not an ICC or an IC, or convert a PCC, into an ICC or an IC,may apply in accordance with section 6 of the Act to the Authority for provisional authorisation for the ICC or IC to carry on insurance business of a category specified in the application.
- (2) The Authority shall not grant a provisional authorisation in respect of an ICC or an IC if it appears to the Authority that, on its formation or conversion, the Authority would be required by section 7 of the Act to refuse to authorise it under section 8 of that Act.
- (3) A provisional authorisation in respect of an ICC or an IC does not of itself authorise the ICC or IC, when formed or converted, to carry on insurance business, but indicates, for the purpose of section 7(2), 21(4) or 22(4) of the ICC Act, that the ICC or IC will, when formed or converted, be so authorised.
- (4) In relation to every application for provisional authorisation, the Authority may —
  - (a) provisionally authorise the applicant in writing;
  - (b) provisionally authorise the applicant in writing, subject to conditions; or
  - (c) refuse the application.
- (5) A provisional authorisation under subparagraph (4), subject to there being no material change in the information provided to the Authority in connection with the application, is valid for a period of 3 months from the date such authorisation is granted, or such other period as the Authority may specify.

### **4 ICC exempt from the requirement to register as an insurance manager**

An authorised ICC is exempted from the requirement under Part 6 of the Act to be registered in the register of insurance managers required to be kept under section 48 of the Act insofar as it provides management services to one or more of its ICs.

### **5 Audited accounts of an ICC and IC must not be combined**

- (1) An authorised ICC must not combine its audited accounts with any of its ICs.
- (2) An authorised IC must not combine its audited accounts with —
  - (a) its ICC; or

- (b) any other IC of its ICC.

## 6 Clarification of reporting requirements applicable to ICCs and ICs

An authorised ICC, and every authorised IC, must provide the information required under regulation 19 as applicable to its class of authorisation.

## 7 Notification of possible striking off of an ICC



- (1) If a person to whom this Schedule applies becomes aware of any act or omission, or the happening of any event, as a result of which an authorised ICC may be struck off the register of companies, that person must immediately notify the Authority of the act, omission or event; or immediately make the enquiries necessary to be satisfied that the Authority has been so notified.
- (2) This paragraph applies to any controller, director or chief executive of —
  - (a) the ICC; and
  - (b) any IC of the ICC.

## 8 Application of this Schedule and section 14 of the Act to permit holders

- (1) In respect of an —
  - (a) ICC equivalent; and
  - (b) IC equivalent,
 that is a permit holder —
  - (i) paragraph 3 and 4 apply in the manner described in paragraph 1; and
  - (ii) paragraph 6, if required by way of regulation 17, applies in the manner described in paragraph 1.
- (2) An —
  - (a) ICC equivalent; and
  - (b) IC equivalent,
 that is a permit holder, if required by way of regulation 18 to produce accounts for the purposes of section 14(3) of the Act, must produce unconsolidated audited accounts to the Authority.

## 9 Modifications in relation to registers as applied to an ICC or an IC

Schedule 8 applies to ICCs and ICs as if —

- (a) in Part 1, after paragraph (a) there were inserted —
  -  (aa) in respect of an authorised ICC, the name of each of its ICs;
  - (ab) in respect of an authorised IC, the name of its ICC; ; and
- (b) in Part 2, after paragraph (a) there were inserted —

- (aa) in respect of an ICC equivalent that is a permit holder, the name of each of its IC equivalents that is a permit holder;
- (ab) in respect of an IC equivalent that is a permit holder, the name of its ICC equivalent;■.

**10 Modifications in relation to standby authorised insurers that are an ICC or an IC**

- (1) An authorised IC is eligible to be a standby authorised insurer under regulation 20(2) if it meets the requirements of that regulation.
- (2) An authorised ICC is eligible to be a standby authorised insurer under regulation 20(2) if it meets the requirements of that regulation and —
  - (a) it has no ICs; or
  - (b) all of its ICs are standby authorised insurers.

## SCHEDULE 7

[Regulation 4(8)]

## MATTERS RELATING TO INSURERS THAT ARE LIMITED PARTNERSHIPS

**1 Application of the Act, these Regulations and the relevant solvency regulations**

- (1) The Act, these Regulations and the relevant solvency regulations apply to an authorised LP subject to the modifications specified in this Schedule and with any other necessary modifications.
- (2) Where the Act, these Regulations and the relevant solvency regulations (or any combination thereof) are applicable to a permit holder that is an LP equivalent, they apply, subject to the modifications specified in this Schedule and with any other necessary modifications, to the LP equivalent as they apply to an authorised LP.

**2 Prescribed persons**

There is prescribed for the purposes of section 6 of the Act a limited partnership.

**3 Interpretation**

In this Schedule —

“**general partner**” has the meaning given in section 54 of the Act as it applies to LPs;

“**limited partner**” has the meaning given in section 54 of the Act as it applies to LPs;

“**limited partnership**” has the meaning given in section 54 of the Act as it applies to LPs;

“**LP**” is an abbreviation of “limited partnership”;

“**LP equivalent**” means a person which —

- (a) is established in a jurisdiction other than the Island; and
- (b) is the equivalent of an LP in accordance with these Regulations; and

“**partner**” has the meaning given in section 54 of the Act as it applies to LPs.

**4 Modifications to these Regulations and the relevant solvency regulations as applied to LPs**

- (1) Regulations 6(3) and 6(4) of these Regulations are modified as if for “member” there was substituted **partner**.
- (2) Where an LP is authorised in respect of class 12 and when applying paragraph 3 of Schedule 1 in respect of the LP, a legal entity partner of the

LP is treated as if it were a holding company of the LP and the LP is treated as if it were its subsidiary.

- (3) Parts 1 and 2 of Schedule 8 of these Regulations are modified as if —
  - (a) paragraph (b) in each such Part were omitted; and
  - (b) the words “(if different from the address of its registered office)” in paragraph (c) of Part 1 were omitted.
- (4) The Insurance (Long-Term Business Valuation and Solvency) Regulations 2021 and Insurance (Non Long-Term Business Valuation and Solvency) Regulations 2021, are modified as if for “board of directors” there were substituted **“general partners”**, and “board” is to be construed as being a reference to the general partners unless stated otherwise in those regulations.
- (5) In respect of an LP equivalent that is a permit holder —
  - (a) subparagraph (2) applies; and
  - (b) subparagraphs (1) and (4), if required by way of regulation 17, apply,

in the manner described in paragraph 1.

## 5 Modifications to the Act as applied to LPs

- (1) The modifications to the Act referred to in paragraph 1 are as follows.
- (2) Section 7 is modified as if for Section 7(a)(ii) there were substituted —
 

**“(ii) the partners and, where partners are bodies corporate, the controllers (if any), directors, chief executive (if any) of each of the partners of the applicant and any chief executive of the applicant; and”**
- (3) Section 12 is modified as if for section 12C(2) there were substituted —
 

**“(2) For the purposes of subsection (1)(b) where the eligible capital resources of an authorised insurer fall below the MCR the insurer is deemed for the purposes of section 37(e) of the Partnership Act 1909 to be capable of only being carried on at a loss.”**
- (4) Section 13 is modified as if for section 13(7)(a) there were substituted —
 

**“(a) in the case of a scheme submitted under this section by virtue of a requirement made under section 12C(1)(a), the insurer is deemed for the purposes of section 37(e) of the Partnership Act 1909 to be capable of only being carried on at a loss and the Authority may apply to wind up the insurer under paragraph 4 of Schedule 3; and”**
- (5) Section 14 is modified as if in section 14(3) for “board of directors” there were substituted **“general partners”**.



- (6) Section 16 is modified as if for its text there were substituted —
- 63** An authorised insurer, or any general partner of an authorised insurer that is a limited partnership in connection with that role, shall not carry on any activities, in the Island or elsewhere, otherwise than in connection with or for the purpose of its insurance business. **62**.
- (7) Section 17A is modified as if after “equivalent governing body” there were inserted **63** and, in the case of a limited partnership, it includes being soundly and prudently overseen by its general partners **62**.
- (8) Section 21 is modified as if for section 21B(1)(a)(i) there were substituted —
- 63** (i) which is the holding company or a subsidiary of a partner of the insurer, or a subsidiary of the insurer; **62**.
- (9) Section 29 is modified as if for section 29(1) to (3) there were substituted —
- 63** (1) No person to whom this Part applies may appoint a person as a general partner (or director or chief executive of a general partner), limited partner (or director of a limited partner), chief executive, auditor, principal control officer or manager of that person, nor may a person become controller of, or insurance manager of, a person to whom this Part applies, nor may a person become the controller of a general partner of a person to whom this Part applies, unless a written notice containing such particulars as may be determined by the Authority is served on the Authority by —
- (a) in the case of a general partner (or director or chief executive of a general partner), limited partner (or director of a limited partner), chief executive, auditor, principal control officer or manager, the person to whom this Part applies; or
- (b) in the case of a controller or insurance manager, the proposed controller or manager,
- not less than 28 days before the event or such other period as the Authority may agree in writing.
- (2) If it appears to the Authority that any person is not a fit and proper person —
- (a) to be appointed as a general partner (or director or chief executive of a general partner), limited partner (or director of a limited partner), chief executive, auditor, principal control officer or manager;
- (b) to become a controller or insurance manager; or
- (c) to become a controller of a general partner,
- of a person to whom this Part applies, the Authority may direct that such person must not, without the written consent of the Authority, be appointed as such a general partner (or director or chief

executive of a general partner), limited partner (or director of a limited partner), chief executive, auditor, principal control officer or manager or become such a controller or insurance manager.

(3) If it appears to the Authority that any —

- (a) general partner (or director or chief executive of a general partner), limited partner (or director of a limited partner), chief executive, auditor, principal control officer or manager;
- (b) controller or insurance manager; or
- (c) controller of a general partner,

of a person to whom this Part applies, is not a fit and proper person to continue as such, the Authority may direct that such person shall not, without the written consent of the Authority, continue as such a general partner (or director or chief executive of a general partner), limited partner (or director of a limited partner), chief executive, auditor, principal control officer, manager, controller or insurance manager. **22**.

(10) Section 29 is modified as if —

- (a) in subsection (9) for the text “a person working for or on behalf of the insurer concerned who, under the immediate authority of a director or its chief executive —” there were substituted **23** a person working for or on behalf of the insurer concerned who, under the immediate authority of a general partner (or director or chief executive of a general partner), limited partner (or director of a limited partner) or its chief executive — **22**;

(b) for section 29(10) of the Act there were substituted —

**23**(10) This section is additional to and not in derogation of any other enactment relating to the qualification, appointment or removal of directors, partners or auditors. **22**.

(11) Section 29E is modified as if —

- (a) for the text continuing after section 29E(1)(c) there were substituted —

**23** give a written warning notice under this section to a person who is or has been an actuary to an insurer, or a general partner (or director or chief executive of a general partner), limited partner (or director of a limited partner), chief executive, controller, manager or principal control officer (“the relevant person”) of a person to whom this Part applies. **22**;

(b) for section 29E(7)(b) there were substituted —

**23**(b) a person who has received an employment application from a relevant person and who, if successful in the application, would be required to be an actuary to an insurer or a general

partner (or director or chief executive of a general partner), limited partner (or director of a limited partner), chief executive, controller, manager or principal control officer of a person to whom this Part applies; or **22**.

- (12) Section 30 is modified as if for the text appearing before section 30(a) there were substituted —

**23** Where a person ceases to be a director, general partner (or director or chief executive of a general partner), limited partner (or director of a limited partner), chief executive, auditor, principal control officer, manager, controller or insurance manager of a person to whom this Part applies, a written notice containing such particulars as may be determined by the Authority shall be served on the Authority within 14 days of such cessation by — **22**.

- (13) Section 37 is modified as if —

(a) for section 37(2) there were substituted —

**23**(2) If a penalty is imposed under subsection (1) and the Authority considers that the relevant contravention was caused or permitted by a partner, controller, director, chief executive (if any), chief executive of any of the partners or senior manager of the person on whom the penalty is imposed, the Authority may in addition impose a penalty of such amount as the Authority considers appropriate on the partner, controller, director or chief executive or senior manager. **22**.

(b) for section 37(9)(a) to (c) there were substituted —

- 23**(a) an individual working for or on behalf of the person on whom the penalty was imposed who, jointly with the chief executive, is responsible under the immediate authority of the general partners (or the directors of the general partners) for the conduct of the whole of the insurance business of the person on whom the penalty was imposed;
- (b) an individual working for or on behalf of the person on whom the penalty was imposed who, either alone or jointly with others, is responsible under the immediate authority of the general partners (or the directors of the general partners) for the conduct of any other aspect of the business of the person on whom the penalty was imposed (for example finance, marketing or compliance);
- (c) an individual working for or on behalf of the person on whom the penalty was imposed, the controller of that person, a controller of a partner of that person or an associate of that person, who is under the immediate authority of such controller or the directors of an associate, and, either alone or jointly with others, is responsible for the

conduct of any such aspect of the business of the person on whom the penalty was imposed. **22**.

- (14) Section 39 is modified as if for section 39A(5) there were substituted —

**23**(5) Without prejudice to the generality of subsection (4), an interim order under that subsection may be made ex-parte and may restrict (whether by reference to the consent of the Court or otherwise) the exercise of any powers of—

- (a) the person;
  - (b) if the person is a body corporate, its directors; or
  - (c) if the person is a limited partnership, its general partners,
- in respect of the affairs, business and property of that person. **22**.

- (15) Section 53 is modified as if —

- (a) for section 53(5) there were substituted —

**23**(5) In proceedings against a person for a contravention of section 30, it shall be a defence for that person to show that such person did not know of the cessation of director, general partner (or director or chief executive of a general partner), limited partner (or director of a limited partner), chief executive, auditor, principal control officer, manager, controller or insurance manager (as the case may be). **22**.

- (b) after section 53(6A) there were inserted —

**23**(6B) Where an offence under this Act committed by a limited partnership is proved to have been committed with the consent or connivance of, or to be attributable to neglect on the part of a general partner of the partnership or a director, chief executive, manager, secretary, principal control officer or other similar officer of the general partner or any person who was purporting to act in such a capacity, that person, as well as the limited partnership, shall be guilty of that offence and liable to be proceeded against and punished accordingly. **22**.

- (16) Section 54 is modified as if —

- (a) in the definition of “associate”, in paragraph (d), after “if that person” there were inserted **23**, or (in the case of a limited partnership) one or more of that person’s partners, **22**;

- (b) in the definition of “chief executive”, for subparagraph (a) there were substituted —

**23**(a) in relation to an authorised insurer that is a limited partnership, an employee of such insurer, who, either alone or jointly with others, is responsible under the immediate authority of its general partners (or the directors of its general partners) for the conduct of the whole of the insurance business of that insurer; **22**;

- (c) in the definition of “controller”, after subparagraph (f), there were inserted —
- (g) in the case of an authorised insurer that is a limited partnership, paragraphs (a) to (f) have effect as if the words “a person which is a body corporate” included a reference to a partner of the insurer; **22**;
- (d) after the definition of “Financial Services Tribunal” there were inserted —
- “general partner”** has the meaning given in the Partnership Act 1909; **22**;
- (e) after the definition of “insurer” there were inserted —
- “limited partner”** has the meaning given in the Partnership Act 1909;
- “limited partnership”** means a limited partnership formed under the Partnership Act 1909; **22**; and
- (f) after the definition of “long-term insurance contracts” there were inserted —
- “partner”**, in relation to an insurer that is a limited partnership, includes a general partner or a limited partner of the insurer, or both, as the context requires; **22**.
- (17) Schedule 3 is modified as if for paragraph 1(2) there were substituted —
- (2) In this Schedule, “insurance company” means a company which is an insurer and includes an insurer that is a limited partnership and “company” shall be construed accordingly. **22**.
- (18) Schedule 5 is modified as if after paragraph 1(6) there were inserted —
- (7) For the purpose of this Schedule “insurer” includes, where the insurer is a limited partnership, its partners). **22**.
- (19) Schedule 7 is modified as if —
- (a) after paragraph 18 there were inserted —
- 18A** In relation to authorised insurers that are limited partnerships, the respective functions of the partners and chief executive (if any) of the insurers and the directors and chief executive (if any) of the partners and committees of partners of the insurers in respect of the administration and management of their businesses. **22**; and
- (b) after paragraph 19 there were inserted —
- 19A** In relation to authorised insurers that are limited partnerships, provisions requiring the establishment and maintenance of strategic objectives by their general partners. **22**.

**SCHEDULE 8**

[Regulations 4(9) and 11]

**REGISTERS****PART 1 (REGISTER OF AUTHORISED INSURERS)**

The register of current authorised insurers required to be kept under section 48 of the Act must contain the following particulars of each authorised insurer —

- (a) the name of the authorised insurer and any business names it uses;
- (b) the address of its registered office;
- (c) its principal place of business in the Island (if different from the address of its registered office);
- (d) the categories and classes of insurance business carried on for which it is, or was, authorised;
- (e) in relation to each class of insurance business for which it is, or was, authorised —
  - (i) the date when the authorisation was granted; and
  - (ii) if it is no longer authorised in respect of any class of insurance business, for each such class, the date when it ceased to be so authorised;
- (f) any conditions to which its authorisation is subject;
- (g) the name of its registered insurance manager (if appointed);
- (h) if its authorisation has been withdrawn in respect of new business, that fact; and
- (i) its authorisation number.

**PART 2 (REGISTER OF PERMIT HOLDERS)**

The register of current permit holders required to be kept under section 48 of the Act must contain the following particulars of each permit holder —

- (a) the name of the permit holder and any other business names it uses that are relevant to its permit;
- (b) the address of its registered office;
- (c) its principal place of business in the Island;
- (d) its country or territory of incorporation;
- (e) the classes of insurance business carried on for which its permit is, or was, issued;
- (f) in relation to each class of insurance business for which its permit is, or was, issued —
  - (i) the date when the permit was issued; and

- (ii) if it no longer holds a permit in respect of any class of insurance business, for each such class, the date when it ceased to hold such permit;
- (g) any conditions to which its permit is subject;
- (h) the name of its registered insurance manager (if appointed);
- (i) if its permit has been withdrawn in respect of new business, that fact; and
- (j) its permit number.

### **PART 3 (REGISTER OF INSURANCE MANAGERS)**

The register of current registered insurance managers required to be kept under section 48 of the Act must contain the following particulars of each registered insurance manager —

- (a) the name of the registered insurance manager and any business names it uses;
- (b) the address of its registered office;
- (c) its principal place of business in the Island (if different from the address of its registered office);
- (d) the name of each authorised insurer it manages in or from the Island;
- (e) the name and country or territory of incorporation of each insurer not authorised in the Island but managed by the registered insurance manager in or from the Island;
- (f) the date of its registration;
- (g) any conditions to which its registration is subject; and
- (h) its registration number.

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

These Regulations set out requirements applicable to insurers, permit holders and insurance managers, including in respect of –

- Classes of insurance authorisation
- Restrictions on dividends and distributions
- Discretionary trusts in ownership structures
- Exempted insurers
- Indemnity insurance for auditors
- Regulatory reporting and notifications
- Actuarial requirements for non long-term business
- Standby authorised insurers
- Licence surrender and cancellation
- Fast-track authorisation
- Regulatory sandboxing
- The application of regulatory requirements for insurers that are protected cell companies, incorporated cell companies or limited partnerships
- Content of statutory registers

These Regulations revoke the –

- Insurance Regulations 2021<sup>15</sup>
- Insurance (Special Purpose Vehicles) Regulations 2015<sup>16</sup>
- Insurance (Miscellaneous Amendments) Regulations 2015<sup>17</sup>

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<sup>15</sup> SD 2021/0278

<sup>16</sup> SD 2015/0100

<sup>17</sup> SD 2015/0314