













This Consultation Paper has been published on the Authority's website and the Isle of Man Government's Consultation Hub<sup>1</sup>. A list of specific representative groups to which this Consultation Paper has been sent is shown in Appendix A.

### **3. Draft Insurance (Protected Cell Companies and Limited Partnerships) Amendment Regulations 2019**

Attached as Appendix B are the draft regulations which give effect to the changes described in this paper. These are the proposed Insurance (Protected Cell Companies and Limited Partnerships) Amendment Regulations 2019.

## **4. The proposed changes in more detail**

### **4.1 Existing requirements**

#### **Conventional companies**

Under the Insurance Regulations 2018, conventional insurance companies are not required to obtain auditor confirmations in relation to their business plans as part of an application for authorisation under section 6 of the Insurance Act 2008.

#### **PCCs**

Under—

- (a) paragraph 4(c) of Part II of Schedule 1 to the Insurance (Protected Cell Companies) Regulations 2004, PCCs are required as part of an application for authorisation under section 6 of the Insurance Act 2008 to obtain:

“4. Confirmation by the Auditors that they:-

...(c) consider the information provided in respect of the Business Plan to have been properly prepared on the basis of the assumptions made by the Directors of the company”; and

- (b) paragraph 2 of Part IV of Schedule 1 to the Insurance (Protected Cell Companies) Regulations 2004, a PCC cell is required as part of an application for authorisation under section 6 of the Insurance Act 2008 to obtain:

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<sup>1</sup> <https://consult.gov.im/>

“2. Confirmation by the Auditors of the PCC that they consider the information provided in respect of the Business Plan to have been properly prepared on the basis of the assumptions contained therein.”

## **LPs**

Under paragraph 4(c) of the adaptations and modifications set out under paragraph 5 of Schedule 2 to the Insurance (Limited Partnership) Regulations 2004, LPs are required as part of an application for authorisation under section 6 of the Insurance Act 2008 to obtain:

“4. Confirmation by the Auditors that they:-

...(c) consider the information provided in respect of the Business Plan to have been properly prepared on the basis of the assumptions made by the Partners or Directors of partners of the applicant”.

## **4.2 Existing disparity and proposed change**

As indicated in paragraph 4.1 above, PCCs and LPs are subject to an additional cost and potentially time implication in respect of mandatory auditor confirmations.

In the Insurance Regulations 2018 (which updated the Insurance Regulations 1986) the Authority removed the requirement for mandatory insurance application auditor confirmations. However, the Insurance Regulations 2018 did not replace the Insurance (Protected Cell Companies) Regulations 2004 or the Insurance (Limited Partnership) Regulations 2004. As a result the removal of the auditor confirmation requirement did not extend to PCCs or LPs.

It is already the Authority’s intention, as part of its wider insurance regulatory developments, to update the Insurance Regulations such that changes in respect of PCCs and LPs are included.

In the interim, in order to facilitate more efficient applications for insurance authorisation in line with the process available to conventional companies, the Authority intends to bring forward the removal of the application business plan auditor confirmations in respect of PCCs and LPs.

## **5. Impact Assessment**

The Authority does not anticipate any negative impact arising from the proposals referred to in this paper, including in respect of small firms.



## 6. Questions

### Question

The Authority welcomes any feedback readers may have in relation to the proposals referred to in this document.

## 7. Next Steps

Following closure of the consultation period, the Authority will review the responses received and publish a Consultation Response document on the Authority's website and the Isle of Man Government's Consultation Hub.

As indicated previously, and subject to the completion of all due processes, the Authority intends to give effect to the proposed changes by the end of this year.

## **Appendix A – List of Representative Groups to which this Consultation Paper has been sent**

- Isle of Man Captive Association
- Manx Insurance Association
- Isle of Man Society of Chartered Accountants

## **Appendix B – the proposed Insurance (Protected Cell Companies and Limited Partnerships) Amendment Regulations 2019**

Statutory Document No. 2019/XXXX



*Insurance Act 2008*

# **INSURANCE (PROTECTED CELL COMPANIES AND LIMITED PARTNERSHIPS) AMENDMENT REGULATIONS 2019**

*Laid before Tynwald:*

*Coming into Operation*

*16 December 2019*

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The Isle of Man Financial Services Authority makes the following Regulations under section 50 of, and Schedule 7 to, the Insurance Act 2008.

## **1 Title**

These Regulations are the Insurance (Protected Cell Companies and Limited Partnerships) Amendment Regulations 2019.

## **2 Commencement**

These Regulations come into operation on 16 December 2019.

## **3 Deletions in respect of regulations**

Delete the following—

- (a) paragraph 4(c) of Part II of Schedule 1 to the Insurance (Protected Cell Companies) Regulations 2004<sup>1</sup>, including the words:

“(c) consider the information provided in respect of the Business Plan to have been properly prepared on the basis of the assumptions made by the Directors of the company”;

- (b) paragraph 2 of Part IV of Schedule 1 to the Insurance (Protected Cell Companies) Regulations 2004, including the words:

“2. Confirmation by the Auditors of the PCC that they consider the information provided in respect of the Business Plan to have been properly prepared on the basis of the assumptions contained therein.”; and

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<sup>1</sup> SD 149/04

- (c) paragraph 4(c) of the modifications set out under paragraph 5 of Schedule 2 to the Insurance (Limited Partnership) Regulations 2004<sup>2</sup>, including the words—

“(c) consider the information provided in respect of the Business Plan to have been properly prepared on the basis of the assumptions made by the Partners or Directors of partners of the applicant”.

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*Position*

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*Position*

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<sup>2</sup> SD 552/04

*EXPLANATORY NOTE*

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

These regulations remove the requirement for a protected cell company or limited partnership, which is applying for insurance authorisation under section 6 of the Insurance Act 2008, to obtain certain auditor confirmations in relation to its application business plan.