



INSURANCE REGULATIONS 2021

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Statutory Document No. 20XX/XXXX

*Insurance Act 2008*

INSURANCE REGULATIONS 2021

Laid before Tynwald: [TBA]

Coming into Operation: 30 June 2021

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

PART I

GENERAL

1 Title

These Regulations are the Insurance Regulations 2021.

2 Commencement

These Regulations come into operation on 30 June 2021¹.

3 Interpretation

(1) In these Regulations—

“**approved supervisor**” means—

- (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 which has been assessed by the European Insurance and Occupational Pensions Authority and considered to be equivalent, (whether fully, provisionally or temporarily) to the requirements of

¹ 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.

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)²; or

- (d) any other insurance supervisory authority approved by the Authority;

“audited accounts” means the audited annual accounts required to be produced to the Authority under sections 14(3) or 27A(3) of the Act (as applicable);

“the Act” means the Insurance Act 2008;

“cellular entity” has the meaning given in paragraph 2 of Schedule 5;

“dormant authorised insurer” has the meaning given in regulation 21(2);

“FRS” has the meaning given in regulation 9(b)(i);

“IFRS” has the meaning given in regulation 9(b)(ii);

“incorporated cell” has the meaning given for “IC” in paragraph 2 of Schedule 6;

“incorporated cell company” has the meaning given for “ICC” in paragraph 2 of Schedule 6;

“limited partnership” has the meaning given in the Partnership Act 1909;

“MCR” means minimum capital requirement;

“minimum capital requirement” is as referred to in section 12(1)(a) of the Act and has the meaning given in the—

- (a) Insurance (Long-Term Business Valuation and Solvency) Regulations 2018³; or
- (b) Insurance (Non Long-Term Business Valuation and Solvency) Regulations 2021⁴,

as applicable;

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

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

“protected cell company” has the meaning given for “PCC” in paragraph 2 of Schedule 5;

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

² O.J. No. L335/1 17.12.09

³ SD 2018/0193

⁴ [TBA]

“**regulatory return**” means a return required to be submitted to the Authority under regulation 20;

“**SCR**” means solvency capital requirement;

“**solvency capital requirement**” is as referred to in section 12(1)(b) of the Act and has the meaning given in the—

- (a) Insurance (Long-Term Business Valuation and Solvency) Regulations 2018; or
- (b) Insurance (Non Long-Term Business Valuation and Solvency) Regulations 2021,
as applicable; and

“**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 at least the minimum amounts required to be included within its technical provisions under the—

- (a) Insurance (Long-Term Business Valuation and Solvency) Regulations 2018; or
- (b) Insurance (Non Long-Term Business Valuation and Solvency) Regulations 2021,
as applicable.

(2) In the Act and these Regulations—

“**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**” means, subject to [sub-paragraphs \(i\) to \(iii\)](#), 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 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.

- (i) Where the principal object of a contract of insurance is long-term business, but that contract contains related or subsidiary insurance provisions which are not long-term business, the effecting and carrying out of that contract **must** be treated as long-term business.

- (ii) 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.
- (iii) **Sub-paragraph (ii) does** not apply to any contract of insurance which was effected before the date on which notice was received by the Authority.
- (3) **In these regulations,** 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 classes 1 and 9
General business	3	Marine, aviation and transport
	4	Property, but excluding contracts within classes 3 or 5
	5	Motor
	6	Pecuniary loss
	7	Liability, other than contracts within classes 3 or 5
	8	Credit and suretyship
Reinsurance	9	Personal miscellaneous, including accident, health and disability
	10	Reinsurance of contracts within classes 1 and 2
	11	Reinsurance of contracts within classes 3 to 9
Restricted	12	Contracts within classes 1 to 11 in accordance with regulation 5.

- (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, within that class, any insurance contracts that would also qualify as class 12.**

4 Application of these Regulations

- (1) These Regulations apply to—
 - (a) an authorised insurer;
 - (b) a registered insurance manager; and
 - (c) a permit holder,as set out in the Regulations.
- (2) These Regulations apply in respect of—
 - (a) an authorised insurer that is a protected cell company, and a cellular entity that is a permit holder, with the exceptions, adaptations and modifications set out in Schedule 5;
 - (b) an authorised insurer that is an incorporated cell company or an incorporated cell with the exceptions, adaptations and modifications set out in Schedule 6; and
 - (c) an authorised insurer that is a limited partnership with the exceptions, adaptations and modifications set out in Schedule 7.

5 Class 12 qualifying criteria

- (1) A class 12 insurer cannot hold any other class of insurance authorisation. To avoid any doubt, this does not restrict a class 12 insurer from carrying on, within its class 12 authorisation, a small amount of non-class 12 insurance business in accordance with the de-minimis rule.
- (2) Subject to paragraphs (3) to (5), in relation to an authorised insurer, class 12 insurance business includes only contracts of the insurer which in each case are—
 - (a) within classes 1 to 9 insofar as the contract directly insures only persons that in each case are—
 - (i) a related party of the insurer; or
 - (ii) a sophisticated person where that person has given the insurer their informed consent; or
 - (b) within classes 10 or 11 (or within classes 1 to 9 written as reinsurance) insofar as the underlying direct contract of insurance being reinsured by the insurer—
 - (i) insures only persons that, in each case, are a person in accordance with sub-paragraph (a);
 - (ii) subject to paragraph (3) is—
 - (A) written by a qualifying ceding insurer; or
 - (B) reinsured by a qualifying retroceding insurer underlying the insurer's reinsurance,

provided that the qualifying **ceding insurer** or qualifying **retroceding insurer** remains responsible for its corresponding insurance obligations irrespective of whether or not it can recover from the insurer's reinsurance any amounts it pays; or

(iii) meets the requirements for ancillary business.

(3) The Authority may disapply sub-paragraphs (2)(b)(ii) or (2)(b)(iii) if the business in question appears to the Authority to be of a type that should be treated as non-class 12 insurance business.

(4) Up to 5% of a class 12 insurer's total insurance business carried on may be non-class 12 insurance business, as determined in accordance with paragraph 4 of Schedule 1 (the "de-minimis rule").

(5) In this regulation and, as applicable, Schedule 1—

"ancillary business" has the meaning given in paragraph 5 of Schedule 1;

"de-minimis rule" has the meaning given in paragraph (4);

"direct contract of insurance" means an insurance contract and not a reinsurance contract, and **"directly insure"** is to be construed accordingly;

"informed consent" has the meaning given in sub-paragraphs 3(1)(b), 3(2) and 3(3) of Schedule 1;

"non-class 12 insurance business" means any insurance business—

(a) corresponding to contracts falling outside of the criteria set out in paragraph (2), as determined without applying the de-minimis rule; or

(b) deemed by the Authority to be non-class 12 insurance business in accordance with paragraph (3);

"person", in relation to a person insured under a contract of insurance of an insurer, includes a policyholder in respect of the contract and any other person that has a contractual right, or contingent contractual right, under the contract to make a claim under the policy directly against the insurer;

"qualifying ceding insurer" and **"qualifying retroceding insurer"** mean an insurer that is licensed in a jurisdiction which requires the insurer to hold capital determined using a risk-based approach and 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'). This includes an insurer authorised 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);

"reinsured", in relation to a direct contract of insurance, includes—

(a) reinsurance of the direct contract; and

(b) any further retrocession,

as the case may require;

“**related party**” has the meaning given in paragraphs 1 and 2 of Schedule 1; and

“**sophisticated person**” has the meaning given in sub-paragraph 3(1)(a) of Schedule 1.

- (6) In a situation where it is unclear whether some, or all, of an authorised insurer’s business, or prospective business, meets any of the requirements in paragraphs (1) to (5) or Schedule 1, the Authority may determine the degree (if any) to which that business meets those requirements.

6 Remediation if not complying with the class 12 qualifying criteria

- (1) If a class 12 authorised insurer at any time does not meet the requirements of regulation 5, including any determination of the Authority under regulation 5(6), it must—
- (a) as soon as practicable after becoming aware of that situation, notify the Authority that it has not met those requirements and provide an explanation of the circumstances involved; and
 - (b) within 30 days of the notification in sub-paragraph (a), or such longer period as the Authority may permit, provide to the Authority either—
 - (i) details of how it has rectified the situation and now meets the requirements; or
 - (ii) a short-term plan (‘the plan’) to rectify the situation so that it will meet the requirements within an appropriate timeframe as agreed with the Authority.
- (2) If the Authority considers the plan to be inadequate (including, in the Authority’s view, not being sufficiently short-term) the insurer must (within an appropriate timeframe as agreed with the Authority) propose modifications to the plan to the Authority.
- (3) An authorised insurer must give effect to any in-force plan under sub-paragraph (1)(b)(ii) that has been considered as adequate by the Authority.
- (4) If an authorised insurer is unable or fails to—
- (a) submit a plan under sub-paragraph (1)(b)(ii) which is considered as adequate by Authority;
 - (b) submit a plan within the timescales referred to in sub-paragraph (1)(b) or paragraph (2); or
 - (c) fails to give effect to a plan as referred to in paragraph (3),
- the Authority may take such regulatory actions as appear appropriate to it.

- (5) In considering the regulatory actions it may take under paragraph (4), the Authority may take account of relevant factors, for example—
- (a) any previous instances where the insurer has not met the requirements of regulation 5, or a determination under regulation 5(6), including any previous failure to give effect to a plan as referred to in paragraph (3);
 - (b) any failure of the insurer to monitor compliance (in accordance with regulation 7) and control its position; or
 - (c) any failure of the insurer to notify and inform the Authority in accordance with sub-paragraph (1)(a).

7 Requirement to monitor compliance with the class 12 qualifying criteria

- (1) Despite any other requirement to monitor compliance, a class 12 authorised insurer must take adequate, appropriate and effective steps to ensure that it is aware on an ongoing basis of whether it continues to meet, or is likely to continue to meet, the requirements of regulation 5, or a determination under regulation 5(6).
- (2) To comply with paragraph (1), an authorised insurer must be able to demonstrate to the Authority the steps it has taken and the basis of the conclusions it has reached.
- (3) In paragraph (1), for the purposes of monitoring ongoing compliance with regulation 5(2), including the de-minimis rule, the steps must include consideration of circumstances on a contract by contract basis where appropriate.

8 Provisions in respect of section 12A of the Act

- (1) Section 12A(1) shall not apply to an insurer on its winding up.
- (2) In respect of section 12A(1) of the Act, in relation to an authorised insurer, reference to SCR is modified to include MCR and reference to SCR means the higher of the insurer's SCR or MCR.
- (3) Where a person is both a policyholder and a member of an insurer, to avoid any doubt, section 12A(1) of the Act—
- (a) does 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); and
 - (b) does 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, a dividend or distribution includes any transaction or arrangement by an authorised insurer, in relation to any person's entitlement to a dividend or distribution 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,
- and includes—
- (i) the purchase of any assets;
 - (ii) the purchase, redemption, acquisition or other reconstruction of shares;
 - (iii) the release, waiver, or write down of any indebtedness owed to the insurer;
 - (iv) any transfer or assignment of indebtedness;
 - (v) 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 the insurer which grants priority to the payment of, or otherwise gives effect to, any dividend or distribution ahead of the insurer meeting its regulatory obligations or running costs.

9 Audited accounts and accounting standards

For the purposes of—

- (a) section 14(2) of the Act; and
- (b) section 27A(2) of the Act in respect of registered insurance managers,

audited accounts must be prepared at least once in every calendar year in accordance with—

- (i) Financial Reporting Standards (“FRS”) issued or adopted from time to time by the Accounting Standards Board in the United Kingdom;
- (ii) International Financial Reporting Standards (“IFRS”) published from time to time by the International Accounting Standards Board; or
- (iii) other standards as may be approved by the Authority.

10 Modification of Companies Act 1982

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

- (a) an authorised insurer is exempt from the provisions of that Part to the extent that the insurer may, subject to sub-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 sub-paragraph (a), any heading stating an amount arrived at after taking into account those reserves must be framed or marked to indicate that fact; and
- (c) the accounts of an authorised insurer are not deemed, by reason only of the fact that they do not comply with the requirements of Part 1 of Schedule 1 to the Companies Act 1982 from which the insurer is exempt by virtue of sub-paragraph (a), not to give the true and fair view by that Act.

11 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 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) Any actual distribution under paragraph (1) is subject to the insurer maintaining compliance with its regulatory requirements, including—
 - (a) its SCR and MCR;
 - (b) section 12A of the Act as modified by regulation 8; and
 - (c) any relevant condition of authorisation or direction of the Authority.

12 Discretionary trust holding structures

- (1) An authorised insurer which has, or may have, a discretionary trust within its direct or indirect holding structure must—
 - (a) notify the Authority as soon as is practicable upon becoming aware of that circumstance; and
 - (b) verify the identities and entitlements of the potential beneficiaries of the trust and nature 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 changes to the details notified under paragraph (1) as soon as practicable upon becoming aware of the changes.

13 Registers

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

14 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 2011⁵ (deposit taking), in respect of

⁵ SD 0884/11 (as amended by SD 0373/2013, SD 2016/0099, SD 2016/0188 and SD 2017/0344)

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; 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.

15 Indemnity insurance for the auditors of authorised insurers

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

16 Fitness and propriety requirements and notifications

- (1) An authorised insurer or registered insurance manager must take reasonable steps to ensure that all individuals (whether or not employed by the insurer or the insurance manager), who perform activities for the purpose of or in connection with the activities for which the insurer is authorised or insurance manager is registered, are fit and proper for the tasks they perform in relation to the insurer or insurance manager.
- (2) An authorised insurer or registered insurance manager must notify the Authority promptly if it becomes aware of any significant matters that may 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).

17 Notification of changes in controlling interests

- (1) Subject to paragraph (2), an authorised insurer or registered insurance manager must notify the Authority of any changes to an existing controlling interest in the insurer or registered insurance manager which would take that controlling interest –
 - (a) from 25% or less to over 25%;
 - (b) from 50% or less to over 50%; or
 - (c) from 75% or less to over 75%.

- (2) Notification under paragraph (1) is not required if the insurer or registered insurance manager has already given that notification to the Authority under section 29 of the Act.
- (3) Notification must be made—
 - (a) where relevant shares are quoted on an exchange, within 7 days after the insurer or registered insurance manager becomes aware of the transfer; and
 - (b) in all other cases, 28 days before the transfer is registered.
- (4) In this regulation—

“**controlling interest**” is interpreted by reference to the definition of “controller” in the Insurance Act 2008.

PART II

PERMIT HOLDERS

18 Application of these Regulations to permit holders

- (1) In addition to the regulations that specifically apply to permit holders, and subject to paragraphs (2) and (3), regulations 1 to 3, 5 to 9, 15 to 17 and 20 also apply to a permit holders as they apply to an authorised insurer.
- (2) A permit holder does not need to comply with regulation 20 if—
 - (a) the permit holder is authorised to carry on insurance business in or from its home jurisdiction;
 - (b) the requirements of regulation 19(2) are met;
 - (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 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.
- (3) This regulation does not apply to a permit holder authorised to carry on an insurance business in its home jurisdiction and that jurisdiction has an approved supervisor.

19 Application of the Act to permit holders

- (1) Subject to paragraphs (2) to (5), sections 10A, 12, 12A to 12D, 13, 14(2) to 14(5), 15, 17A, 18, 21 and 29 of the Act apply, with the necessary modifications, to a permit holder as they apply to an authorised insurer.
- (2) Section 12 of the Act does not apply to a permit holder where the capital and solvency requirements of the insurance supervisory authority in its home jurisdiction are acceptable to the Authority instead of their equivalents under the—
 - (a) Insurance (Long-Term Business Valuation and Solvency) Regulations 2018; or
 - (b) Insurance (Non Long-Term Business Valuation and Solvency) Regulations 2021,as applicable (as well as any other capital or solvency requirement otherwise imposed by the Authority), and where the requirements of regulation 18(2) are met.
- (3) In relation to a permit holder, for section 12C(1)(b) of the Act, substitute:

“(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.”
- (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; and
 - (d) 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 authorised to carry on an insurance business in its home jurisdiction and that jurisdiction has an approved supervisor.

PART III

REPORTING REQUIREMENTS FOR AUTHORISED INSURERS

20 Annual and other reporting requirements for authorised insurers

- (1) Subject to paragraphs (2) to (4), an authorised insurer must submit to the Authority the following regulatory returns—

- (a) an “annual return” each time, and at the same time, as the audited accounts of the insurer are submitted to the Authority; and
 - (b) a “quarterly return” on a 3 monthly basis; or
 - (c) for a class 12 insurer, a “bi-annual return” on a 6 monthly basis.
- (2) Quarterly returns and bi-annual returns must be submitted within 3 months of each reporting period end, with the first period commencing on the day immediately following the period end date of the insurer’s last preceding audited accounts.
- (3) A regulatory return under sub-paragraph (1)(b) (quarterly return) or (1)(c) (bi-annual return), where sharing the same period end date as the insurer’s audited accounts, is not (unless the Authority specifies otherwise) required to be submitted if the audited accounts and information required under sub-paragraph (1)(a) (annual return) have been submitted within 3 months of the period end date.
- (4) The regulatory returns referred to in paragraph (1) must—
 - (a) contain such information as may be determined by the Authority from time to time;
 - (b) be in the form required by the Authority; and
 - (c) be submitted electronically, or otherwise, as required by the Authority.

21 Exemption from reporting for dormant authorised insurers

- (1) An authorised insurer, in accordance with paragraph (2) (a “dormant authorised insurer”) is exempt from the requirements of this Part.
- (2) Subject to paragraphs (3) and (4), an authorised insurer is a dormant authorised insurer if it—
 - (a) is authorised in respect of non long-term business; and
 - (b) is not carrying on any insurance business activity (including, to avoid any doubt, that the insurer does not have any exposure to any liability or potential liability by way of insurance business).
- (3) Subject to paragraph (3), a dormant authorised insurer that wishes to commence the carrying on of any insurance business activity must submit a corresponding business plan to the Authority and obtain the Authority’s approval to commence that activity.
- (4) A dormant authorised insurer may carry on work preparatory to the commencement of insurance business.

PART IV

SURRENDERS AND CANCELLATIONS

22 Surrender of authorisation

- (1) Pursuant to section 10A of the Act, an authorised insurer must notify the Authority in writing if it proposes to surrender one or more of its classes of authorisation.
- (2) Any notice under paragraph (1) must—
 - (a) confirm that the insurer—
 - (i) is not required under the Act to be authorised in respect of any class of insurance business corresponding to the authorisation to be surrendered;
 - (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 any business in respect of its authorisation to be surrendered is discontinued and wound up (a “winding-up plan”), which must address at least the matters in paragraph (3); and
 - (c) be given not less than 28 days before the surrender is proposed.
- (3) The winding up plan referred to in sub-paragraph (2)(b) must, at a least, provide details of how the insurer has verified that it is not required under the Act to be authorised in respect of any class of insurance business corresponding to the authorisation to be surrendered (including verifying that all of its insurance obligations under relevant contracts of insurance it has written 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 on request is not effective until 28 days after the notice is received by the Authority, 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), of the method of storage and location of those records.

23 Surrender of permit

- (1) Pursuant to section 10A of the Act, a permit holder must notify the Authority in writing if it proposes to surrender one or more classes of authorisation corresponding to its permit.
- (2) Any notice under paragraph (1) must—
 - (a) confirm that the permit holder—
 - (i) is not required under the Act to hold a permit in respect of any class of insurance business corresponding to the permit to be surrendered;
 - (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 any business in respect of its permit to be surrendered is discontinued and wound up (a “winding-up plan”); and
 - (c) be given not less than 28 days before the surrender is proposed.
- (3) A surrender of permit on request is not effective until 28 days after the notice is received by the Authority, 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), of the method of storage and location of those records.

24 Cancellation of registration

- (1) Pursuant to section 26A of the Act, a registered insurance manager must notify the Authority in writing if it proposes to cancel its registration.
- (2) Any notice under paragraph (1) must—
 - (a) confirm that the insurance manager—
 - (i) is not required to be registered in respect of any activity corresponding to the registration to be cancelled;
 - (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 any business in respect of its registration is discontinued and wound up (a “winding-up plan”); and
 - (c) be given not less than 28 days before the cancellation is proposed.

- (3) A cancellation of a registration on request is not effective until 28 days after the notice is received by the Authority, 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), of the method of storage and location of those records.

25 Meaning of “records”

In this Part, “records” 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 the class of permit being surrendered;
or
- (c) registered insurance manager in respect of the registration being cancelled,

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

PART V

TRANSITIONAL AND RUN-OFF ARRANGEMENTS

26 Arrangements for transition to new framework

In respect of business in effect at the date when these Regulations came into operation, the Authority may, where it considers it appropriate for transitional purposes—

- (a) in the case of an insurer that—
 - (i) is authorised in respect of any of classes 3 to 9 or 11 effective at the date when these Regulations came into operation; and
 - (ii) has permanently ceased conducting new business and is administering its portfolio in order to terminate all of its insurance obligations and activities,

determine that the insurer is subject to a reduced MCR of an amount no lower than £100,000, as determined by the Authority. This will apply instead of the MCR otherwise applicable to the insurer in accordance with the Insurance (Non Long-Term Business Valuation and Solvency) Regulations 2021; and

- (b) give provisional approvals pursuant to—
 - (i) sub-paragraph 5(1) of Schedule 1 (ancillary business); or
 - (ii) regulation 59 of Insurance (Non Long-Term Business Valuation and Solvency) Regulations 2021 (ancillary own funds);

which will remain in force for a period of up to 12 months as stated by the Authority or until superseded by a final decision of the Authority.

PART VI

REVOCATIONS

27 Revocations

The following regulations are revoked—

- (a) Insurance Regulations 2018;
- (b) Insurance (Amendment) Regulations 2018;
- (c) Insurance (Protected Cell Companies) Regulations 2004;
- (d) Insurance (Protected Cell Companies) (Amendment) Regulations 2005;
- (e) Insurance (Limited Partnerships) Regulations 2004;
- (f) Insurance (Limited Partnerships) (Solvency) (Amendment) Regulations 2011;
- (g) Insurance (Incorporated Cell Companies) Regulations 2011;
- (h) Insurance (Solvency) (Amendment) Regulations 2011;
- (i) Insurance (Solvency) (Amendment) Regulations 2012;
- (j) Regulations 4, 5 and 7 of the Insurance (Miscellaneous Amendments) Regulations 2015; and
- (k) Insurance (Protected Cell Companies and Limited Partnerships) Amendment Regulations 2020.

MADE

K. BADGEROW

Chief Executive of the Isle of Man Financial Services Authority

L. BOYLE

Member of the Isle of Man Financial Services Authority

SCHEDULE 1

[Regulation 5(2)]

MATTERS RELATING TO THE CLASS 12 QUALIFYING CRITERIA**1 Related parties (other than individuals)**

Further to regulation 5(2)(a)(i), in relation to an authorised insurer, the following persons that are not individuals may, in each case, be treated as a related party of the insurer.

- (1) Where the insurer is a company incorporated under the Companies Acts 1931 to 2004 or the Companies Act 2006—
 - (a) a holding company or subsidiary of—
 - (i) the insurer; or
 - (ii) a person in accordance with sub-paragraph (b), and any subsidiary of that holding company;
 - (b) a person that is a shareholder of the insurer and controls, in accordance with a joint venture agreement with other shareholders of the insurer, 45% or more of the voting rights of the insurer; or
 - (c) a person in respect of which 45% or more of its beneficial ownership is the same as 45% or more of the beneficial ownership of—
 - (i) the insurer; or
 - (ii) a person in accordance with sub-paragraph (b).
- (2) Where the insurer is a mutual entitled to make adequate calls on its members—
 - (a) a mutual member of the insurer;
 - (b) a holding company or subsidiary of—
 - (i) the insurer; or
 - (ii) a mutual member of the insurer, and any subsidiary of that holding company; or
 - (c) a person in respect of which 45% or more of its beneficial ownership is the same as 45% or more of the beneficial ownership of—
 - (i) the insurer; or
 - (ii) a mutual member of the insurer.

(3) In this Schedule—

“**adequate calls**”, in relation to an authorised insurer that is a mutual, means calls in respect of which—

- (a) the mutual has a unilateral and uninhibited contractual right to levy against its members; and
- (b) at a minimum, are in a form and of an amount that enables the mutual to maintain compliance with its MCR and SCR;

“**beneficial ownership**” has the meaning given in section 4 of the Beneficial Ownership Act 2017, including that a beneficiary of a discretionary trust may be treated as a “beneficial owner” (as defined in section 4) based on the level of benefits accruing to the beneficiary from the discretionary trust that are confirmed to the insurer in question by the trustees of that trust;

“**company**” includes a foreign company and any other body corporate;

“**holding company**” has the meaning given in the definition of subsidiary;

“**joint venture agreement**”, in relation to an authorised insurer, means an agreement that is—

- (a) of the nature of a joint venture (a business enterprise undertaken jointly by two or more persons (that are not individuals));
- (b) in writing; and
- (c) verified by the insurer;

“**subsidiary**” has the meaning given in section 220 of the Companies Act 2006 except for the following: for section 220(1)(a) of that Act, substitute:

- “(a) the second company—
 - (i) holds or 45% or more of the voting rights in the first company;
 - (ii) is a member of the first company and has the right to appoint or remove a majority of its board; or”

2 Related parties (individuals)

(1) Further to regulation 5(2)(a)(i), in respect of an authorised insurer, the following individuals may, in each case, be treated as a related party of the insurer—

- (a) an employee of a related party under sub-paragraph (1), and the immediate family of that employee, where the insurance in question is an employee benefit; and
- (b) a director or other officer of a related party under sub-paragraph (1), and the immediate family of that director or other officer, where

the insurance in question is linked to that individual's role with the related party.

- (2) In this paragraph "immediate family" comprises spouse, civil partner, father, mother, son, stepson, daughter, stepdaughter, brother, sister, brother-in-law, sister-in-law, nephew and niece.

3 Sophisticated person and informed consent

- (1) For the purposes of regulation 5(2)(a)(ii) and 5(2)(b)(i), and subject to subparagraphs (2) and (3), in these Regulations—

- (a) a **"sophisticated person"**, in relation to an authorised insurer, includes only—

- (i) a person (other than an individual) with net assets available to it exceeding three million pounds sterling (or equivalent in another currency) as evidenced by—

(A) its latest available audited financial statements; or

(B) the latest available consolidated audited financial statements of the group to which it belongs,

prepared in accordance with IFRS or FRS or other equivalent accounting standards and made up to a date no more than 18 months prior to the date when the relevant informed consent is given; or

- (ii) an individual whose net worth exceeds ten million pounds sterling (or equivalent in another currency) at the date when the relevant informed consent is given, who has confirmed this fact in writing to the insurer and where that confirmation is consistent with all other information about the individual obtained by the insurer or of which the insurer is aware.

- (b) **"informed consent"**, in relation to an authorised insurer, means written evidence showing that a sophisticated person, prior to (or at the same time as)—

- (i) entering into a direct contract of insurance with the insurer to which the informed consent relates (as referred to in regulation 5(2)(a)(ii)); or

- (ii) the insurer commencing with any reinsurance overlying a direct contract of insurance to which the informed consent relates (as included within regulation 5(2)(b)(i)),

has consented to the insurer's involvement under sub paragraph (i) or (ii) (as the case may be) after being specifically alerted to the fact that the insurer holds a class of authorisation meaning the insurer

is subject to a reduced level of regulation which may result in increased risk to the sophisticated person.

- (2) The written evidence referred to in sub-paragraph (1)(b) must include a document signed by the consenting person (or, if not an individual, its duly appointed representative). The document must show in clear and prominent wording that the consenting person has been informed, and has consented, in accordance with sub-paragraph (1)(b). In relation to direct insurance it is most likely that this document would be the contract of insurance or an attachment which forms part of that contract.
- (3) Informed consent—
 - (a) obtained prior to the date these Regulations came into operation (whether obtained before or after the date the relevant contract of insurance or reinsurance was entered into) is valid if it meets the requirements of this Schedule;
 - (b) relating to a contract of insurance or reinsurance entered into prior to the date these Regulations came into operation may be obtained after the date that contract was entered into; and
 - (c) relating to a contract of insurance or reinsurance entered into after the date these Regulations came into operation may be obtained after the date the contract was entered into only if it is part of the implementation of a remedial plan in accordance with regulation 6(1)(b)(ii).

4 De-minimis rule calculations

- (1) In regulation 5(4), and subject to sub-paragraphs (2) to (4), more than 5% is reached by an authorised insurer if—
 - (a) its total current technical provisions corresponding to its obligations under its non-class 12 insurance business represent more than 5% of its total current technical provisions corresponding to all of its insurance business. For the purposes of this calculation technical provisions must be measured gross of reinsurance; or
 - (b) working from the current date, its total written premiums in the last 12 months corresponding to its non-class 12 insurance business represent more than 5% of its total written premiums in the last 12 months corresponding to all of its insurance business (or, if higher, premiums on the same basis expected to be written in the next 12 months). For the purposes of this calculation written premiums must be measured gross of reinsurance and corresponding reinsurance commission and net of other commission.
- (2) In sub-paragraph (1)
“**non-class 12 insurance business**” has the meaning given in regulation 5(5);

- (3) The technical provisions and premiums referred to in sub-paragraph (1) must be calculated in accordance with the recognition and valuation of technical provisions and premiums in the—
- (a) Insurance (Long-Term Business Valuation and Solvency) Regulations 2018; or
 - (b) Insurance (Non Long-Term Business Valuation and Solvency) Regulations 2021,
- as applicable.
- (4) For the purposes of regulation 5(4) and sub-paragraph (1)—
- (a) the combined total of any—
 - (i) divisible parts of contracts; and
 - (ii) whole contracts,which are non-class 12 insurance business must be of an amount that does not exceed the 5% de-minimis threshold; and
 - (b) the basis used in calculating the amount of any divisible part of an insurance contract which is non-class 12 insurance business, as referred to in sub-paragraph 0, must be reasonable and avoid understating that amount.

5 Ancillary business

- (1) Further to regulation 5(2)(b)(iii), in order to qualify as ancillary business, the circumstances relating to an underlying direct contract of insurance being reinsured by an authorised insurer must be approved by the Authority.
- (2) In order for approval to be given under sub-paragraph (1) the Authority must be satisfied that the business is appropriate to qualify for a reduced level of regulation, including being—
- (a) ancillary to a significant non-insurance business activity of the insurer's group and in circumstances which sufficiently enhances the incentive for the insurer's group to financially support the insurer if needed; and
 - (b) sold or otherwise generated in a manner which is not on an open market basis.
- (3) In this paragraph—
- “group”, in relation to an authorised insurer, means the insurer and any person other than an individual that is a related party of the insurer (as defined in Schedule 1).

SCHEDULE 2

[Regulation 13(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 authorised—
 - (i) the date when the authorisation was granted; and
 - (ii) if it is no longer authorised in respect of any class of 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); and
- (h) its authorisation number.

SCHEDULE 3

[Regulation 13(2)]

REGISTER OF PERMIT HOLDERS

The register of 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 business names it uses in the Island;
- (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) its country of incorporation;
- (e) the date on which its permit was granted;
- (f) the classes of insurance business carried on for which its permit is (or was) granted;
- (g) any conditions to which its permission is subject;
- (h) the name of its registered insurance manager (if appointed); and
- (i) its registration number.

SCHEDULE 4

[Regulation 13(3)]

REGISTER OF INSURANCE MANAGERS

The register of current 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 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 of incorporation of each insurer not authorised in the Island but managed by the registered insurance manager in or from Island;
- (f) the date of its registration; and
- (g) its registration number.

SCHEDULE 5

[Regulation 4(2)]

APPLYING THE REGULATIONS TO AN INSURER THAT IS A PROTECTED CELL COMPANY**1 Application of this Schedule to these Regulations**

These Regulations apply in respect of **an authorised insurer that is a** protected cell company in accordance with the exceptions, adaptations and modifications specified in this Schedule.

2 Interpretation

In this Schedule—

“authorised PCC” means an authorised insurer that is a PCC;

“cell”, in relation to a PCC, has the meaning given in the PCC legislation and, in relation to a cellular entity, means the equivalent of a cell of a PCC in accordance with these Regulations;

“cellular entity” means an entity which—

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

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

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

“PCC legislation” means the—

- (a) Protected Cell Companies Act 2004, or
 - (b) Companies Act 2006,
- as the case may require;

“secondary liability” has the meaning given in section 17(1)(b) of the Protected Cell Companies Act 2004; and

“supporting core” has the meaning given in sub-paragraph 3(6).

3 Authorisation

- (1) Subject to sub-paragraphs (3) and (4), the authorisation of a PCC is limited to allow the PCC to carry on—

- (a) by way of its core: only insurance business of a class specified by the Authority that is non-cellular, and to undertake all activities in connection with or for the purpose of that insurance business; or
 - (b) by way of a particular cell of the PCC: only insurance business of a class specified by the Authority that is attributable to that cell, and to undertake all activities in connection with or for the purpose of that insurance business.
- (2) In relation to an authorised PCC—
- (a) its core must be authorised in accordance with sub-paragraph (1)(a); and
 - (b) each of its cells must be authorised in accordance with sub-paragraph (1)(b).
- (3) Sub-paragraphs (1) and (2) do not limit the operation of any secondary liability.
- (4) The core of a PCC authorised under sub-paragraph (1)(a) is not restricted (including by way of section 16 of the Act) from managing the affairs of any of the PCC's cells in accordance with their respective authorisations under sub-paragraph (1)(b).
- (5) Where the core of a PCC meets the requirements of sub-paragraph (6), the Authority may authorise the core as class 12 (a “supporting core”).
- (6) A supporting core, as referred to in sub-paragraph (5)—
- (a) must not carry on any non-cellular insurance business; and
 - (b) cannot be a dormant authorised insurer.
- (7) Sub-paragraphs (1), (2) and (6) have effect as conditions of authorisation under section 9 of the Act.

4 Permitted combinations of authorisations

An authorised PCC may collectively, across its core and all of its cells, hold only one of the following combinations of classes—

- (a) class 1, 2, 9, 10 and 12, or any combination of those classes, with no other class (class 12 includes only long-term business and class 9 within class 12 and a supporting core); or
- (b) class 3 to 9, 11 and 12, or any combination of those classes, with no other class (class 12 includes only non long-term business within class 12 and a supporting core).

5 Class 12 qualifying criteria

- (1) In regulation 5(2), “contract” includes arrangements.
- (2) After sub-paragraph 1(2) of Schedule 1 insert—

“(2A) Where the insurer is the core of an authorised PCC—

- (a) a person that is a shareholder of the PCC in respect of the issued non-cellular shares of the PCC and —
 - (i) holds alone; or
 - (ii) holds in accordance with a joint venture agreement with other such shareholders of the PCC,
45% or more of the issued non-cellular shares of the PCC;
- (b) a holding company or subsidiary of a person in accordance with sub-paragraph (a) and any subsidiary of that holding company;
- (c) a subsidiary of the PCC where the subsidiary is not attributable to any cell of the PCC; or
- (d) a person in respect of which 45% or more of its beneficial ownership is the same as 45% or more of the beneficial ownership of a person in accordance with sub-paragraph (a).

(2B) Where the insurer is a cell of an authorised PCC—

- (a) a person that is a shareholder of the PCC in respect of the shares of the PCC issued in respect of the cell and —
 - (i) holds alone; or
 - (ii) holds in accordance with a joint venture agreement with other such shareholders of the cell,
45% or more of the shares of the PCC issued in respect of the cell;
- (b) a holding company or subsidiary of a person in accordance with sub-paragraph (a) and any subsidiary of that holding company;
- (c) a subsidiary of the PCC attributable to the cell; or
- (d) a person in respect of which 45% or more of its beneficial ownership is the same as 45% or more of the beneficial ownership of a person in accordance with sub-paragraph (a).”

6 Reporting requirements

- (1) Subject to sub-paragraph (2), in relation to an authorised PCC, the regulatory returns, under regulation 20 must be provided in respect of—
 - (a) the PCC as a whole;
 - (b) its core in accordance with its authorisation under sub-paragraph 3(1)(a); or

(c) each of its cells in accordance with the cell's authorisation under sub-paragraph 3(1)(b),

as required by the Authority.

(2) In relation to an authorised PCC, which is authorised in respect of non long-term business, its quarterly or bi-annual return 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, as appropriate, in columnar format and any accompanying information, such as analysis, notes or commentaries, clearly state the cell or core to which they relate.

7 Dormant authorised insurer

In relation to an authorised PCC—

(1) the core of the PCC is eligible to be a dormant authorised insurer under regulation 21 only if—

(a) the insurance business in respect of which it is authorised under sub-paragraph 3(1)(a) meets the requirements of regulation 21; and

(b) all of the cells of the PCC are dormant authorised insurers; and

(2) a cell of the PCC is eligible to be a dormant authorised insurer under regulation 21 only if the insurance business in respect of which it is authorised under sub-paragraph 3(1)(b) meets the requirements of regulation 21.

8 Discretionary trust holding structures

In relation to an authorised PCC, to avoid any doubt, regulation 12 applies to the direct and indirect holding structure in respect of its cellular and non-cellular shares.

9 Permit holders

(1) The Act and regulations applicable to a permit holder under regulation 14(d) and Part II of these Regulations have effect, as modified by this Schedule and with any other necessary modifications, in relation to a cellular entity that holds a permit as they have effect in relation to an authorised insurer that is a PCC.

- (2) The Authority may limit a permit granted to a cellular entity, with any necessary modifications, as referred to in sub-paragraph 3(1) (and, to avoid any doubt, sub-paragraph 3(2) does not apply to a cellular entity).
- (3) Sub-paragraph (2) has effect as a condition of authorisation under section 9 of the Act.

10 Register of authorised insurers

- (1) In relation to an authorised PCC, for Schedule 2 substitute—

“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;
 - (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 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 authorised—
 - (i) the date when the authorisation was granted to its core and each of its cells respectively; and
 - (ii) if its core or cell is no longer authorised in respect of any class of business, for each such class, the date when its core or cell ceased to be so authorised respectively;
 - (g) any conditions to which an authorisation of its core or any of its cells is subject respectively;
 - (h) the name of its registered insurance manager (if appointed);
 - (i) its authorisation number applicable to its core and each of its cells respectively; and
 - (j) the date of addition of each of its cells respectively.”
- (2) In relation to a cellular entity, for Schedule 3 substitute—

“REGISTER OF HOLDERS OF PERMITS

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

- (a) the name of the cellular entity that is the permit holder;
- (b) the name of each of its cells respectively, in respect of which its permit is granted;
- (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) its country of incorporation;
- (f) the classes of insurance business carried on for which its permit is granted 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 granted —
 - (i) the date when the permit was granted 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 business, for each such class, the date when its core or cell ceased hold the permit respectively;
- (h) any conditions to which the permit in respect of its core or any of its cells is subject respectively;
- (i) the name of its registered insurance manager (if appointed);
- (j) its permit number applicable to its core and each of its cells respectively; and
- (k) the date of addition of each of its cells respectively.”

SCHEDULE 6

[Regulation 4(2)(a)]

APPLYING THE REGULATIONS TO AN INSURER THAT IS A INCORPORATED CELL COMPANY OR AN INCORPORATED CELL**1 Application of this Schedule to these Regulations**

These Regulations apply in respect of an [authorised insurer that is an incorporated cell company or incorporated cell](#) in accordance with the exceptions, adaptations and modifications specified in this Schedule.

2 Interpretation

In this Schedule—

“**1931 legislation**” has the meaning given in the ICC Act;

“**2006 legislation**” has the meaning given in the ICC Act;

“**combine**”, in relation to an election to combine the accounts of an ICC or IC, means an election under sub-paragraph 3(3) of Schedule 1 to the ICC Act or sub-paragraph 2(2) of Schedule 3 to the Incorporated Cells Regulations 2011;

“**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; and

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

3 Authorisation

(1) Where an IC is authorised, its ICC must be—

(a) authorised; or

(b) a registered insurance manager.

(2) An ICC authorised or registered in accordance with sub-paragraph (1) cannot not have an IC which is not authorised.

4 Exemption from 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 in so far as it provides management services for one or more of its ICs.

5 Audited accounts

For the purposes of sections 14A and 27A of the Act—

- (a) an ICC that is—
 - (i) authorised; or
 - (ii) a registered insurance manager,must not combine its audited accounts with any of its ICs; and
- (b) an IC that is authorised must not combine its accounts with—
 - (i) its ICC; or
 - (ii) any other IC of its ICC.

6 Reporting

An ICC that is authorised, and every IC that is authorised, must provide the information required under regulation 20 as applicable to its class of authorisation.

7 Notification of possible striking off

- (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 ICC that is authorised or is a registered insurance manager 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 Register of authorised insurers

In Schedule 2—

- (a) in respect of an authorised insurer that is an ICC, after item (a) insert—
 - “(aa) the name of each of its ICs and any business names each uses respectively;” and
- (b) in respect of an authorised insurer that is an IC, after item (a) insert—
 - “(aa) the name of its ICC and any business names it uses;”.

9 Dormant authorised insurer

An ICC that is authorised is only be eligible to be a dormant authorised insurer under regulation 21 if meets the requirements of regulation 21 and—

- (a) it has no ICs; or

(b) all of its ICs are dormant authorised insurers.

SCHEDULE 7

[Regulation 4(2)(c)]

APPLYING THE REGULATIONS TO AN INSURER THAT IS A LIMITED PARTNERSHIP**1 Application of the Act and these Regulations to a limited partnership**

The Act and these Regulations apply in respect of an authorised insurer that is a limited partnership in accordance with the exceptions, adaptations and modifications specified in this Schedule.

2 Prescribed persons

There is prescribed for the purposes of section 6(2) of the Act a limited partnership.

3 Exceptions, adaptations and modifications to these Regulations and, as specified, other Regulations under the Act

- (1) In regulation 8(3) and 8(4) for “member” substitute “partner”.
- (2) After sub-paragraph 1(2) of Schedule 1, insert—

“(2A) Where the insurer is a limited partnership—

 - (a) a partner of the insurer;
 - (b) a subsidiary of the insurer;
 - (c) a holding company or subsidiary of a partner of the insurer and any subsidiary of that holding company; or
 - (d) a person in respect of which 45% or more of its beneficial ownership is the same as 45% or more of the beneficial ownership of a partner of the insurer.”
- (3) In Schedule 2, delete item (b) and renumber accordingly.
- (4) In the Insurance (Long-Term Business Valuation and Solvency) Regulations 2018 and Insurance (Non Long-Term Business Valuation and Solvency) Regulations 2021, for “board of directors” substitute “general partners”, and “board” is to be construed accordingly unless stated otherwise in those regulations.

4 Exceptions, adaptations and modifications to the Act.

- (1) For section 7(a)(ii) of the Act, substitute—

“(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”.

- (2) For section 12C(2) of the Act, substitute—
- “(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.”.
- (3) For section 13(7)(a) of the Act, substitute—
- “(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”.
- (4) In section 14(3) of the Act, for “board of directors” substitute “general partners”.
- (5) For section 16 of the Act, substitute—
- “(16) An authorised insurer, or any general partner of an authorised insurer that is a limited partnership, shall not carry on any activities, in the Island or elsewhere, otherwise than in connection with or for the purpose of its insurance business.”
- (6) To avoid any doubt, in relation to section 17A of the Act, the general partners of an authorised insurer that is a limited partnership together represent the governing body that is equivalent a board of directors.
- (7) For section 21B(1)(a)(i) of the Act, substitute—
- “(i) which is the holding company or a subsidiary of a partner of the insurer, or a subsidiary of the insurer;”.
- (8) For sections 29(1), 29(2) and 29(3) of the Act, substitute—
- “(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, 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.”.

- (9) For the paragraph appearing before section 29(9)(a) of the Act, substitute—

“(9) In this section and section 29E—

“manager” means (except in relation to references to an insurance manager) 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—”.

- (10) For section 29(10) of the Act, substitute—
- “(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.”
- (11) For the text appearing after section 29E(1)(c) of the Act, substitute—
- “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), company secretary, chief executive, controller, manager or principal control officer (“the relevant person”) of a person to whom this Part applies. ”.
- (12) For section 29E(7)(b) of the Act, substitute—
- “(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), company secretary, chief executive, controller, manager or principal control officer of a person to whom this Part applies; or”.
- (13) For the text appearing before section 30(a) of the Act, substitute—
- “30 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), company secretary, 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— ”
- (14) For section 37(2) of the Act, substitute—
- “(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 controller, director or chief executive or senior manager”.
- (15) In section 37(9) of the Act for subsections (a) to (c) substitute—
- “(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.”.

- (16) For section 39A(5), substitute—

“(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.”

- (17) After section 53(6A) of the Act, insert—

“(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.”

- (18) In section 54 of the Act after part (d) of the definition of “associate”, insert after “if that person”—

“, or one or more of that person’s partners,”.

- (19) In section 54 of the Act, for sub-paragraph (a) of the definition of “chief executive”, substitute—

- “(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;”.
- (20) In the definition of “controller” in section 54 of the Act, after sub-paragraph (f) insert—
- “(g) in the case of an authorised insurer that is a limited partnership, paragraphs (a) to (f) shall have effect as if the words “a person which is a body corporate” included a reference to a partner of the insurer.”
- (21) In section 54 of the Act, insert the following definition after the definition of “Financial Services Tribunal”—
- ““general partner” has the meaning given in the Partnership Act 1909;”.
- (22) In section 54 of the Act, insert the following definition after the definition of “insurer”—
- ““limited partner” has the meaning given in the Partnership Act 1909;
- “limited partnership” has the meaning given in the Partnership Act 1909, and partnership shall be construed accordingly;”
- (23) For sub-paragraph 1(2) of Schedule 3 to the Act, substitute—
- “(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.”.
- (24) After sub-paragraph 1(6) of Schedule 5 to the Act, insert—
- “(7) For the purpose of this Schedule “insurer” includes, where the insurer is a limited partnership, its partners);”.
- (25) After paragraph 18 of Schedule 7 to the Act, insert—
- “(18A) Where an authorised insurer is a limited partnership, the respective functions of its partners and chief executive (if any) and the directors and chief executive (if any) of its partners and committees of its partners in respect of the administration and management of the business of the insurer.”.