



ISLE OF MAN
FINANCIAL SERVICES AUTHORITY

Lught-Reill Shirveishyn Argidoil Ellan Vannin

CONSULTATION RESPONSE CR19-01/T14

FEES 2019

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GLOSSARY OF TERMS

Term	Meaning in this document
Authority	Isle of Man Financial Services Authority

1 BACKGROUND

This Consultation Response is issued by the Isle of Man Financial Services Authority ('the Authority') following Consultation Paper CP18-09/T14¹. The purpose of the consultation was to obtain views and evidence in relation to proposed inflationary increases to fees payable by all regulated entities and designated businesses from April 2019. It was proposed to increase all fees by 3.5%, with amounts being rounded up to the nearest £1. The proposed increases were shown in both nominal and relative terms. Drafts of the secondary legislation needed to bring the proposals into effect were included in the consultation:

- (a) Collective Investment Schemes (Fees) Order 2019;
- (b) Financial Services (Fees) Order 2019;
- (c) Insurance (Fees) Regulations 2019;
- (d) Registered Schemes Administrators (Fees) Order 2019; and
- (e) Designated Businesses (Fees) Order 2019.

The proposed changes were shown in tracked to enable comparison with the fee amounts in the current legislation.

¹ https://consult.gov.im/financial-services-authority/fees-2019/consult_view/

2 SUMMARY OF RESPONSES

The Authority received two responses to the consultation, both from businesses licensed under the Financial Services Act 2008. The first respondent had no specific comments to make. The second respondent considered the proposals to be reasonable.

3 NEXT STEPS

No changes to the inflationary fee increases laid out in CP18-09/T14 are proposed. However, following review of the draft secondary legislation, it is proposed to make some changes to the draft Insurance (Fees) Regulations 2019 and draft Designated Businesses (Fees) Order 2019 in order to update outdated references. These changes are summarised below:

Changes to draft Designated Businesses (Fees) Order 2019

In articles 3 and 6, replace outdated references to the “Financial Supervision Commission” and “Commission” with “Isle of Man Financial Services Authority” and “Authority”, respectively.

Changes to draft Insurance (Fees) Regulations 2019

- (1) In regulation 3 (Interpretation) —
 - (a) replace the reference to “Insurance Regulations 1986” with “Insurance Regulations 2018”; and
 - (b) replace “Part I of Schedule 7 to the Insurance Regulations” with “Part I of Schedule 11 to the Insurance Regulations”.
- (2) In Column 2 of the Table in Schedule 1 —
 - (a) replace “Where Regulation 1(2) of the Insurance Regulations has effect. (Non-EU insurer)” with “Where Regulation 13(1) or 14(1) of the Insurance Regulations has effect. (Non-UK or non-EU insurer)”; and
 - (b) replace “Where Regulation 1(2) of the Insurance Regulations does not have effect. (EU insurer)” with “Where Regulation 13(1) or 14(1) of the Insurance Regulations does not have effect. (UK or EU insurer).”
- (3) In Column 2 of Table 2 in Schedule 2, replace “(EU insurer)” with “(UK or EU insurer)”.
- (4) In Note 1 to Table 2 in Schedule 2 —
 - (a) replace “aggregate value of the net assets as shown in the balance sheet(s)” with “‘Accounting basis’ value of ‘Total liabilities’ as reported in the regulatory balance sheet”;
 - (b) replace “Part III of Schedule 5 to the Insurance Regulations 1986” with “Regulation 17(1)(a)(ii) of the Insurance Regulations”; and

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- (c) replace “sterling” with “currency”.
- (5) In Note 3 to Table 2 in Schedule 2 —
- (a) replace “(Non-EU insurer)” with “(Non-UK or non-EU insurer)”; and
 - (b) replace “Regulation 1(2)” with “Regulation 13(1) or 14(1)”.

A tracked change version of the final draft Insurance (Fees) Regulations 2019 is attached in Appendix B.

The draft fees legislation will be finalised and tabled to the next available sitting of Tynwald for commencement on 1 April 2019, subject to the appropriate Tynwald procedure.

Please refer to the original Consultation Paper for details of the fee changes.

In case of any query, please contact the undersigned —

Mr Andrew Kniveton

Isle of Man Financial Services Authority

PO Box 58, Finch Hill House

Bucks Road, Douglas

Isle of Man, IM99 1DT

Email: andrew.kniveton@iomfsa.im

Telephone: +44 (0) 1624 689304

APPENDIX A – LIST OF REPRESENTATIVE GROUPS WHO HAVE BEEN SENT THIS CONSULTATION RESPONSE

- Alliance of Isle of Man Compliance Professionals
- Association of Chartered Certified Accountants (as oversight body)
- Association of Corporate Service Providers
- Chartered Institute for Securities and Investment
- Financial Planners & Insurance Brokers Association
- Institute of Certified Bookkeepers (as oversight body)
- Institute of Chartered Accountants in England and Wales (as oversight body)
- Institute of Directors
- Institute of Financial Accountants (as oversight body)
- International Association of Bookkeepers (as oversight body)
- Isle of Man Wealth & Fund Services Association
- Isle of Man Association of Chartered Certified Accountants
- Isle of Man Association of Pension Scheme Providers
- Isle of Man Bankers Association
- Isle of Man Captives Association
- Isle of Man Chamber of Commerce
- Isle of Man Insurance Institute
- Isle of Man Law Society (as oversight body)
- Isle of Man Society of Chartered Accountants
- London Institute of Banking and Finance
- Manx Insurance Association
- Society of Trust and Estate Practitioners.

Statutory Document No. 20XX/XXXX

*Insurance Act 2008*

INSURANCE (FEES) REGULATIONS 2019

*Laid before Tynwald:**Coming into Operation:**1 April 2019*

The Isle of Man Financial Services Authority makes the following Regulations under section 50 of the Insurance Act 2008 after carrying out the consultations required by that section.

1 Title

These Regulations are the Insurance (Fees) Regulations 2019.

2 Commencement

These Regulations come into operation on 1 April 2019.

3 Interpretation

In these Regulations —

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

“**core**” has the same meaning as in the Insurance (Protected Cell Companies) Regulations 2004;

“**ICC**” and “**IC**” have the same meaning as in the Incorporated Cell Companies Act 2010;

“**the Insurance Regulations**” means the Insurance Regulations ~~1986~~2018;

“**net premiums written**” has the same meaning as in Part I of Schedule ~~7~~11 to the Insurance Regulations; and

“**PCC**” and “**cell**” have the same meaning as in the Protected Cell Companies Act 2004.

4 Application

For the purposes of section 47, these Regulations prescribe the fees payable —

- (a) in respect of any application for authorisation under section 8;

- (b) in respect of any application for a permit under section 22;
- (c) annually by each insurer authorised under section 8;
- (d) annually by each holder of a permit issued under section 22;
- (e) in respect of any application for registration as an insurance manager registered under section 25;
- (f) annually by each insurance manager registered under section 25; and
- (g) in respect of every application for registration as an insurance intermediary under section 25.

5 Application fees for entities other than an insurance intermediary

A fee specified in column 4 of the table in Schedule 1 must accompany an application specified in column 1, subject to the conditions or classification specified in column 2, in respect of the regulated activity of a description specified in column 3 of that table.

6 Application fees for registration as an insurance intermediary

A fee of £2,417 must accompany an application for registration as an insurance intermediary under section 25.

7 Annual fees

- (1) The annual fee specified in column 4 of Table 1 in Schedule 2 is payable each year on the date shown in column 5 in respect of a person authorised or registered under the Act as specified in column 1, subject to the conditions or classification specified in column 2, in respect of the regulated activity of a description specified in column 3 of that table.
- (2) The annual fee payable on 6 April each year in respect of a person that holds a permit under section 22 of the Act is the first fee set out in column 3 of Table 2 in Schedule 2 when reading from top to bottom in which the category of person is the type specified in column 1 and the circumstances specified in column 2 apply.
- (3) The annual fees as calculated under paragraph (1) or (2) as applicable in respect of each cell of an insurer that does not carry on insurance business within class 1 or 2 within the meaning of the Insurance Regulations are subject to a maximum aggregate of £32,460.
- (4) Paragraphs (1) and (2) are subject to regulation 8.
- (5) Where a fee in Table 1 or Table 2 in Schedule 2 refers to a note or condition, the corresponding note must be referred to when calculating the appropriate fee payable.

8 Annual fee payable on initial registration

- (1) Where an authorisation, permit or registration is issued on a date other than the annual payment date, the annual fee must be calculated in accordance with the following formula (rounded up to the nearest pound)

$$— \quad \frac{FxN}{12}$$

Here —

“F” is the annual fee which would be payable apart from this regulation;
and

“N” is the number of complete months between the date on which the authorisation, permit or registration is issued and the next annual payment date, counting a part of a month as a complete month.

- (2) For the purposes of paragraph (1) the annual payment date in respect of —
- (a) authorisation under section 8 and the issue of a permit under section 22 is 6 April; and
 - (b) registration as an insurance manager under section 25 is 1 July.

9 Revocation

The Insurance (Fees) Regulations 2018² are revoked.

MADE

K. BADGEROW

Chief Executive of the Isle of Man Financial Services Authority

L. BOYLE

Member of the Isle of Man Financial Services Authority

² SD 2018/0061

SCHEDULE 1

APPLICATION FEES PAYABLE

Column 1 Application for:	Column 2 Conditions or classification	Column 3 Regulated activity	Column 4 Application fee
Authorisation under section 8	In respect of a person that is not a PCC, cell, ICC or IC.	The carrying on of insurance business within class 1 or 2 within the meaning of the Insurance Regulations.	£5,036
Authorisation under section 8	In respect of a person that is not a PCC, cell, ICC or IC.	The carrying on of insurance business other than within class 1 or 2 within the meaning of the Insurance Regulations.	£2,578
Authorisation under section 8	In respect of a core or ICC	All cases	£2,578
Authorisation under section 8	In respect of each cell or IC	All cases	£1,294
A permit under section 22	Where Regulation 4(2) 13(1) or 14(1) of the Insurance Regulations has effect. (Non-UK or non-EU insurer)	All cases	£2,578
A permit under section 22	Where Regulation 4(2) 13(1) or 14(1) of the Insurance Regulations does not have effect. (UK or EU insurer)	All cases	£1,294
Registration under section 25	All cases	The carrying on of business as an insurance manager	£2,578

SCHEDULE 2

TABLE 1: ANNUAL FEES IN RESPECT TO AUTHORISATION OR REGISTRATION

Column 1 Authorisation or registration under:	Column 2 Conditions or classification	Column 3 Regulated activity	Column 4 Annual fee	Column 5 Date
Section 8	In respect of each cell or IC where condition 1 is not satisfied. See note 2 (non dormant cell or IC)	The carrying on of insurance business other than within class 1 or 2 within the meaning of the Insurance Regulations.	0.2% of the net written premium of that cell, subject to a minimum of £654 and a maximum of £5,528 per cell per year	6 April
Section 8	In respect of each cell or IC where condition 1 is satisfied. See note 2 (dormant cell or IC)	All cases	£140	6 April
Section 8	In all other cases	The carrying on of insurance business within class 1 or 2 within the meaning of the Insurance Regulations.	The sum calculated in accordance with note 1.	6 April
Section 8	In all other cases	The carrying on of insurance business other than within class 1 or 2 within the meaning of the Insurance Regulations.	£5,528	6 April
Section 25	Where the insurance manager acts for zero or one insurer	The carrying on of business as an insurance manager	£2,417	1 July
Section 25	Where the insurance manager acts for 2 to 4 insurers	The carrying on of business as an insurance manager	£3,027	1 July
Section 25	Where the insurance manager acts for 5 or more insurers	The carrying on of business as an insurance manager	£5,143	1 July

TABLE 2: ANNUAL FEES IN RESPECT TO PERMIT HOLDERS

Column 1 Category of person or cell	Column 2 Circumstances	Column 3 Annual fee
In respect of a cell	Where condition 1 is satisfied. See note 2 (dormant cell)	£140
In all circumstances	Where condition 2 is not satisfied. See note 3 (<u>UK or EU insurer</u>)	£1,979
In respect of a core or cell	The carrying on of insurance business within class 1 or 2 within the meaning of the Insurance Regulations.	£5,528
In respect of a cell	The carrying on of insurance business other than within class 1 or 2 within the meaning of the Insurance Regulations.	0.2% of the net written premium of that cell, subject to a minimum of £654 and a maximum of £5,528 per cell per year.
In all other circumstances	In all other circumstances	£5,528

Note 1: Annual fee in respect of Class 1 or 2 insurers

Where the ~~aggregate value of the net assets as shown in the balance sheet(s)~~ “Accounting basis” value of “Total liabilities” as reported in the regulatory balance sheet prepared in accordance with ~~Part III of Schedule 5 to the Insurance Regulations 1986~~ Regulation 17(1)(a)(ii) of the Insurance Regulations in respect of the position as at 31 December immediately preceding the annual payment date exceeds £1,000,000,000, or ~~sterling~~ currency equivalent, the annual fee is £64,739. In all other cases the annual fee is £32,375.

Note 2: (Dormant cell or IC)

Condition 1 is that the insurer has satisfied the Authority that a cell or IC of that insurer is dormant.

Note 3: (Non-UK or non-EU insurer)

Condition 2 is that ~~Regulation 1(2)~~ Regulation 13(1) or 14(1) of the Insurance Regulations has effect, as applicable.

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

These Regulations specify the application fees and annual fees payable from 1 April 2019 in respect of authorisations, permits and registrations under the Insurance Act 2008.

These Regulations provide for fees to be pro-rated, where applicable, if an authorisation, permit or registration is granted during a period.

These Regulations revoke and replace the Insurance (Fees) Regulations 2018 and make inflationary increases to all fees, based on the Consumer Price Index (CPI) inflation rate of 3.5% for the year to October 2018, with amounts being rounded up to the nearest £1. [These Regulations also replace superseded references to the Insurance Regulations 1986 with references to the Insurance Regulations 2018.](#)

FINAL DRAFT