

Statutory Document No. 2004/0149

*Insurance Act 1986*

INSURANCE (PROTECTED CELL COMPANIES) REGULATIONS 2004¹

Laid before Tynwald: 16 March 2004
Coming into Operation: 31 March 2004

In exercise of the powers conferred on the Treasury by section 32 of, and Schedule 4 to, the Insurance Act 1986¹ and all other enabling powers, and after consulting the Insurance and Pensions Authority and such other organisations and persons as appear to it to be likely to be affected, the following Regulations are hereby made: —

Editorial Note: This instrument, despite the repeal of the Insurance Act 1986, is continued by virtue of section 16 of the Interpretation Act 1976.

1 Citation, commencement and interpretation

- (1) These Regulations may be cited as the Insurance (Protected Cell Companies) Regulations 2004 and shall come into operation on the 31st March 2004.
- (2) In these Regulations —
 - “**cell**” means a cell of a PCC;
 - “**core**” means a PCC but only in respect of business that is not business attributable to a cell of the company;
 - “**PCC**” means a protected cell company under the Protection Cell Companies Act 2004²
 - “**cellular entity**” means an entity incorporated under: —
 - the Bermuda Segregated Accounts Companies Act 2000; or
 - the Guernsey Protected Cell Companies Ordinance 1997; or
 - the Gibraltar Protected Cell Companies Ordinance 2001; or

¹ 1986 c.24

² 2004 c.1



the Cayman Islands Companies (Amendment) (Segregated Portfolio Companies) Law 1998.

2 Application of these Regulations

These Regulations apply in respect of insurance business conducted by a PCC.

3 Disapplication of the Insurance Regulations 1986

Subject to regulation 4(1), regulations 1, 2(5), 4, 7 to 13, 15 and 16 to 18 of the Insurance Regulations 1986³ shall not apply in respect of insurance business conducted by a PCC.

4 Categories of insurance business

- (1) In these Regulations, any reference to a category or a numbered class of insurance business shall be construed by reference to the table set out in regulation 2(2) of the Insurance Regulations 1986, with the exception of restricted class 12 and restricted (special) class 12A, which shall be construed by reference to the following table –

Category	Class Number	Description
Restricted	12	<p>Contracts or, as the case requires, arrangements which –</p> <ul style="list-style-type: none"> (a) are within classes 1 to 11 and are between the core and <ul style="list-style-type: none"> (i) related parties of the core; or (ii) members of a common industry or association; or (b) are within classes 1 to 11 and are between a cell and – <ul style="list-style-type: none"> (i) related parties of the cell; or (ii) members of a common industry or association; or (c) are within class 10 or 11 and are with bodies where the original insured is a body which is a related entity.

³ G.C. 319/86

Restricted (Special) ²	12A	Contracts which are within class 1 or 2 and are undertaken by the core or a cell of a protected cell company with a regulated financial institution that is included in a list maintained and published by the Insurance Supervisor.
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- (2) In this regulation, a “related entity” is —
- (a) in respect of the core, a body corporate —
 - (i) which is an associate of the PCC; or
 - (ii) in respect of which 15% or more of its ordinary share capital is in the same beneficial ownership (whether directly or indirectly through a trust or corporate body) as 15% or more of the non-cellular ordinary share capital of the PCC;
 - (b) in respect of a cell, a body corporate in respect of which 15% or more of its ordinary share capital is in the same beneficial ownership (whether directly or indirectly through a trust or corporate body) as 15% or more of the cell share capital.
- (3) In this regulation, a “related party” is —
- (a) in respect of the core —
 - (i) a person that is an associate of the PCC; or
 - (ii) a body corporate in respect of which 15% or more of its ordinary share capital is in the same beneficial ownership (whether directly or indirectly through a trust or corporate body) as 15% or more of the non-cellular ordinary share capital of the PCC;
 - (b) in respect of a cell, a person owning shares in respect of the cell.

5 Application for authorisation

- (1) Applications for authorisation to carry on insurance business by a PCC shall be in the form set out in Part 1 of Schedule 1 and shall be accompanied by the documents and information specified in Part II of that Schedule.

- (2) Applications for addition of a cell to a PCC shall be in the form set out in Part III of Schedule 1 and shall be accompanied by the documents and information specified in Part 1V of that Schedule.

6 Revenue Accounts and funds

The revenue account prepared by an insurer shall –

- (a) in the case of an insurer carrying on general business where the business is accounted for on an annual basis, be in the form set out in Part 1 of Schedule 2 and shall comply with the requirements of that Part;
- (b) in the case of an insurer carrying on general business, where the business is accounted for on a fund basis, be in the form set out in Part II of that Schedule and shall comply with the requirements of that Part;
- (c) in the case of an insurer carrying on long-term business, be in the form set out in Part III of that Schedule and shall comply with the requirements of that part.

7 Profit and Loss Account and Income and Expenditure Account

- (1) The Profit and Loss Account prepared by an insurer shall be in the form set out in Part I of Schedule 3 and shall comply with the requirements of that Part.
- (2) The Income and Expenditure Account prepared by an insurer not trading for profit shall be in the form set out in Part II of Schedule 3 and shall comply with the requirements of that Part.

8 Balance Sheet

- (1) The Balance Sheet prepared by an insurer shall be in the form set out in Part I of Schedule 4 or, in the case of an insurer not carrying on business for profit, in the form set out in Part II of that Schedule and shall comply with the requirements of the appropriate Part.
- (2) In the case of an insurer which carries on long-term business, in addition to the Balance Sheet referred to in paragraph (1), there shall be annexed thereto a Balance Sheet for the long-term business fund in the form set out in Part III of Schedule 4 which shall comply with the requirements of that Part.

9 Consolidated accounts

- (1) Regulations 6, 7 and 8 shall not apply to group accounts which deal with the state of affairs and profit or loss of an authorised insurer and its subsidiary companies or its holding company.
- (2) In this Regulation, “subsidiary companies” and “holding company” have the meaning given by Section 1 of the Companies Act 1974⁴.

10 Supplementary Information, certificates and reports

The following information, certificates and reports shall be produced under Section 12(4) of the Insurance Act 1986 :—

- (a) for individual cells (and the core, where applicable), the information set out in Part 1 of the Schedule 5 in respect of each financial year for which audited accounts are prepared; and
- (b) for the PCC, a certificate in the form set out in Part II of the Schedule 5, which shall be attached to the information referred to in paragraph (a) and shall be signed by two directors, at least one of whom shall be resident in the Island; and
- (c) for individual cells (and core, where applicable), a report signed by the Actuary to the insurer which contains: —
 - (i) an analysis of the value of liabilities of the long-term business fund (specifying the bases of the valuation and methods used), both net and gross of reinsurance, under contracts within each class of business categorised by reference to type of product;
 - (ii) an analysis of expenses attributable to the long-term business fund, including a comparison between initial and renewal expenses and the corresponding expense loading;
 - (iii) a statement of any other factors which the actuary considers are material to the present or future valuation of liabilities or any other factor which he considers should be brought to the attention of the Supervisor,

and the report will be supported by a certificate in the form set out in Part III of Schedule 5; and

- (d) an auditors’ report on the Supplementary Information and directors’ certificate shall be given by the insurer’s auditors in the form set out in Part IV of Schedule 5.

⁴ 1974 c.30.

11 Solvency Margins

- (1) The margin of solvency to be maintained by the insurer shall be that specified in Part I of Schedule 6.
- (2) Part II of Schedule 6 shall have effect for the purpose of determining the extent to which particular assets may be taken into account.
- (3) Calculation of the solvency margin shall be in the manner specified in Part III of Schedule 6.

12 Restriction on Issue or Transfer of Cell Shares

No cell share or any interest in such shares shall be issued to or transferred to the trustees of a discretionary trust.

13 Fees for Authorisation

- (1) For the purposes of Section 7 of the Insurance Act 1986, the following fees are prescribed –
 - (a) in respect of authorisation –
 - (i) for a PCC, the fee is £1,500.
 - (ii) for a cell, the fee is £750;
 - (b) the annual fee is –
 - (i) in the case of a PCC which is authorised to carry on insurance business within classes 1 & 2, “£12,500 plus additional £12,500 per cell;
 - (ii) for any other PCC, £3,250 plus 0.2% of the net written premium of each cell, subject to a minimum of £500 and a maximum of £3,250 per cell per year.
- (2) The annual fee for a PCC as calculated under sub-paragraph (1) (b) (ii) shall be subject to a maximum in the aggregate of £25,000.

14 Register of Authorised Insurers

The register required to be kept under section 8 of the Insurance Act 1986 shall, for the purposes of PCCs, contain the particulars specified in Schedule 7.

15 Application to permit holders

- (1) Subject to paragraph (2), Regulations 1, 2, 4, and 7 to 11 of and Schedules 3 to 6 to these Regulations, and Regulations 2 (1) to 2 (4), 3 5 and 21 of, and Schedule 2 to the Insurance Regulations 1986, shall have effect, with the necessary modifications, in relation to cellular entities that hold permits, as they have effect in relation to PPCs.

- (2) Paragraph (1) shall not have effect in relation to cellular entries that are authorised to carry on an insurance business in the United Kingdom or in any other Member State of the European Union.

16 Applications for permits

- (1) An application, by a cellular entity, for a Permit under Section 25 of the Insurance Act 1986 shall be made in the form set out in Part 1 of Schedule 8.
- (2) The annual fee to be paid by a cellular entity that is the holder of a permit shall be £1,000 or, for an entity in respect of which Regulation 15 (1) has effect, shall be the same fee as is payable under regulation 13 in respect of a PCC which is authorised to carry on insurance business.
- (3) The register of Permit-holders kept by the Supervisor shall, in relation to cellular entities, contain the particulars set out in Part II of Schedule 8.

MADE 25 FEBRUARY 2004

SCHEDULE 1

Regulation 5

PART I

**APPLICATION FORM FOR AUTHORITY TO CARRY ON AN INSURANCE
BUSINESS BY A PCC**

To the Insurance Supervisor

(State name of the PCC (or proposed PCC) for which a licence is required)

On behalf of the above company, I hereby apply for the grant of authority to carry on an insurance business under Section 6 of the Insurance Act 1986 for the Class or Classes on insurance stated herein.

I declare that the information given in the Appendix hereto is correct to the best of my knowledge and belief.

Date

Signed

(State in full the name and address of the Applicant and the capacity in which he makes the application)

Note: The Insurance Supervisor may request further information or documents in the course of considering this application.

APPENDIX

1	Name of PCC	
2	Address of registered office	
3	Business address	
4	Date and number of Incorporation	
5	Authorised share capital distinguishing between different classes of shares	
6	Issued share capital (non-cellular)	
7	Paid up share capital (non-cellular)	
8	State the amount, if any, of share premium and the amount paid up	
9	Give details of any letter of credit to be issued in support of the initial financing requirement	
10	State the amount by which the assets of the company exceed its liabilities (including all contingent or proposed liabilities, but not those in respect of share capital)	
11	State who holds (a) legal interest and (b) the ultimate beneficial interest in the shares of the company	
12	State whether the company has a parent, and if so, give the name and country of incorporation of the ultimate holding company and any intermediate holding company	
13	State whether the company has any subsidiary companies, and if so, give names, activities and percentage holdings of their equity	
14	State whether the company has any associated companies, and if so, give (a) names, (b) activities, and (c) the proportion of the nominal value of each class of shares held by the applicant	
15	State the Class or Classes of insurance business for which authorisation is sought	
16	State the sources of business and the approximate percentage expected from each source	

17	State details of the anticipated net retentions for each Class of business for which underwriting authority is sought during the forthcoming underwriting year.	
18	State the nature and extent of the existing or proposed reinsurance arrangements for each Class, giving the fullest details of such reinsurance support including details of reinsurers writing 10% or more of any contract	
19	Describe fully the intermediate processes that may occur between the payment of a premium by an original Insured and the receipt of funds by the company. Describe in particular any route involving an underwriting agent. Give the name and address of the underwriting agent	
20	State the date on which the company's financial year will end	
21	Indicate the intended areas of investment of future funds	
22	State whether the company proposes making any loans to its directors, managers, or associate companies	
23	State, in respect of each of the Directors, and the Secretary of the company, the following particulars :- (a) Name (b) Private address (c) Nationality (d) Insurance experience (e) Other business experience (f) Professional qualifications In addition state particulars of all previous changes in the name or nationality of each of the Directors and Secretary	
24	Where the company's activities are to be managed by another company, give details	

SCHEDULE 1

25	State particulars of any association which exists or which is proposed to exist between the Directors or Controller of the company and any person who acts, or will act, as an insurance broker, agent, loss adjuster or reinsurer for the company or as an underwriting agent referred to in the information given under 19 above	
26	State the number of staff the company proposes to employ in the Isle of Man in the next three years, and the estimated annual costs thereof.	
27	State the name and address of: (a) the company's Auditors (b) the company's appointed Actuary (if applicable) (c) the company's Advocates (d) the company's Bankers	



PART II**SUPPLEMENTARY DOCUMENTS AND INFORMATION TO ACCOMPANY APPLICATIONS**

- 1 A questionnaire in the form set out in Schedule 2, completed by every individual who is, or will be, a Director, Controller, Chief Executive or Manager of the applicant.
- 2 A copy of the Memorandum and Articles of Association of the applicant.
- 3 A 3 year Business Plan containing:-
 - (a) projected Revenue or Fund Account(s), Profit and Loss account and Balance Sheet giving details as required in the prescribed formats;
 - (b) in the case of an insurer intending to carry out long term business, an estimate of new business premium volumes and a projected profit profile for each type of product;
 - (c) a cash flow projection; and
 - (d) a statement of the principal assumptions on which the business plan has been prepared
- 4 Confirmation by the Auditors that they:-
 - (a) have accepted, or are prepared to accept, appointment;
 - (b) carry Professional Indemnity insurance for not less than £10 million; and
 - (c) consider the information provided in respect of the Business Plan to have been properly prepared on the basis of the assumptions made by the Directors of the company.
5. If the company is to carry on long term business, confirmation by the Actuary that he:-
 - (a) has accepted, or is prepared to accept, appointment and is qualified to do so;
 - (b) considers the financing of the company to be sufficient to cover both technical reserves and the required margin of solvency during the first three financial years following authorisation, and
 - (c) agrees with the information provided in the Business Plan in so far as it relates to long-term business.
- 6 A copy (or draft) of any inwards reinsurance contract, binding authority or agency agreement that has been (or will be) entered into.

SCHEDULE 1

7 A copy (or draft) of any agreement with persons (other than employees) who will manage the business of the company.

8 Where the applicant is a subsidiary company, a copy of the accounts of the parent company made up to a date not more than 15 months before the date of the application.

PART III

APPLICATION FORM FOR ADDITION OF A CELL OF A PCC

To the Insurance Supervisor

(State name of the PCC (or proposed PCC) for which the application is made)

On behalf of the above company, I hereby apply, under section 5 of the Insurance (Protected Cell Companies) Regulations 2004, for the addition of a cell forming part of the above company. The cell shall be known as:

(State proposed name of the cell)

I declare that the information given in the Appendix hereto is correct to the best of my knowledge and belief.

Date

Signed

(State in full the name and address of the Applicant and the capacity in which he makes the application)

Note: The Insurance Supervisor may request further information or documents in the course of considering this application.

APPENDIX

1	Name of Company	
2	Name of Cell	
3	Amount of cell share capital	
4	How is the above to be subscribed?	
5	Give details of any letter of credit to be issued in support of the initial financing requirement	
6	State the amount by which the assets of the cell exceed its liabilities (including all contingent or proposed liabilities, but not those in respect of capital)	
7	State who holds (a) legal interest and (b) the ultimate beneficial interest in the shares of the cell	
8	Where the cell is owned by a corporate entity forming part of a group, please provide a group structure	
9	State the Class or Classes of insurance business for which authorisation is sought	
10	State the sources of business and the approximate percentage expected from each source	
11	State details of the anticipated net retentions for each Class of business for which underwriting authority is sought, during the forthcoming underwriting year.	
12	State the nature and extent of the existing or proposed reinsurance arrangements for each Class, giving the fullest details of such reinsurance support including details of reinsurers writing 10% or more of any contract	
13	Describe fully the intermediate processes which may occur between the payment of a premium by an original Insured and the receipt of funds by the cell. Describe in particular any route involving an underwriting agent. Give the name and address of the underwriting agent	

14	Indicate the intended areas of investment of future funds	
15	State whether the cell proposes making any loans to its related parties	
16	State particulars of any association which exists or which is proposed to exist between, either: (i) the owners of the cell; or (ii) the Director s of Controller of the PCC and any person who acts or will act as an insurance broker, agent, loss adjuster or reinsurer for the PCC or as an underwriting agent referred to in the information given under 13 above	
17	State the name and address of the cell's Bankers	

PART IV**SUPPLEMENTARY DOCUMENTS AND INFORMATION TO ACCOMPANY
CELL APPLICATIONS**

1. A 3 year Business Plan containing:-
 - (a) projected Revenue or Fund Account(s), Profit and Loss account and Balance Sheet giving details as required in the prescribed formats;
 - (b) in the case of a cell intending to carry out long term business, an estimate of new business premium volumes and a projected profit profile for each type of product;
 - (c) a cash flow projection; and
 - (d) a statement of the principal assumptions on which the business plan has been prepared
2. Confirmation by the Auditors of the PCC that they consider the information provided in respect of the Business Plan to have been properly prepared on the basis of the assumptions contained therein.
3. If the company is to carry on long term business, confirmation by the Actuary that he:-
 - (b) considers the financing of the cell to be sufficient to cover both technical reserves and the required margin of solvency during the first three financial years following authorisation, and
 - (c) agrees with the information provided in the Business Plan in so far as it relates to long-term business.
4. A copy (or draft) of any inwards reinsurance contract, binding authority or agency agreement that has been (or will be) entered into.
5. Where the applicant is owned by a corporate bod; a copy of the accounts of the parent company or group made up to a date not more than 15 months before the date of the application.

SCHEDULE 2

Regulation 6

PART I

GENERAL BUSINESS REVENUE ACCOUNT

(for business accounted for on an annual basis)

	Core	Cell 1	Cell 2	Cell 3	Total
Premiums					
Gross premiums receivable	X	X	X	X	X
Reinsurance premiums payable	(X)	(X)	(X)	(X)	(X)
Net premiums written	X	X	X	X	X
(Increase) /decrease in unearned premiums	(X)	X	X	(X)	(X)
(Increase)/decrease in provision for unexpired risks	X	(X)	X	(X)	X
Claims	X	X	X	X	X
*Gross	(X)	(X)	(X)	(X)	(X)
*Recoverable from reinsurers	X	X	X	X	X
	(X)	(X)	(X)	(X)	(X)
Commission and Expenses					
Commission payable	(X)	(X)	(X)	(X)	(X)
Expenses	(X)	(X)	(X)	(X)	(X)
	(X)	(X)	(X)	(X)	(X)
Commission receivable	X	X	X	X	X
(Increase)/decrease in deferred acquisition costs	(X)	X	(X)	(X)	(X)
Underwriting profit/(loss)	X	X	(X)	X	X
Attributable investment return	X	(X)	X	-	X
Insurance profit/(loss)	X	X	(X)	X	X

NOTES

1. Corresponding figures to be given for preceding accounting period.
2. Items which are marked with an asterisk may be disclosed by way of note.
3. The inclusion in this statement of part of the investment return is optional.
4. Where an item is nil in both the period and the preceding period, the relevant heading may be omitted.

PART II**GENERAL BUSINESS FUND**

(for business accounted for on a fund basis)

	Core	Cell 1	Cell 2	Cell 3	Total
Fund brought forward	X	X	X	X	X
Premiums					
Gross premiums received	X	X	X	X	X
Reinsurance premiums paid	(X)	(X)	(X)	(X)	(X)
	X	X	X	X	X
Attributable investment return	X	(X)	-	X	X
	X	X	X	X	X
Claims					
*Gross	(X)	(X)	(X)	(X)	(X)
*Recoverable from reinsurers	X	X	X	X	X
	(X)	(X)	(X)	(X)	(X)
Commissions and expenses					
Commissions paid	(X)	(X)	(X)	(X)	(X)
Expenses	(X)	(X)	(X)	(X)	(X)
	(X)	(X)	(X)	(X)	(X)
Commission received	X	X	X	X	X
	(X)	(X)	(X)	(X)	(X)
Transfer (to)/from Profit and Loss Account	(X)	X	X	(X)	(X)
Fund carried forward	X	X	X	X	X

NOTES:

1. Corresponding figures to be given for preceding accounting period.
2. Items which are marked with an asterisk may be disclosed by way of note.
3. The inclusion in this statement of part of the investment return is optional.
4. Profit should not be transferred to Profit and Loss Account except from the closing underwriting years.
Transfers should be made from Profit and Loss Account to cover any anticipated deficiencies in respect of open underwriting years.
5. Where premiums are received net of commission because of market practice, such premiums may be shown net of commission in this statement.

6. 'Where an item is nil in both the period and the preceding period, the relevant heading may be omitted.

PART III

LONG-TERM BUSINESS FUND

	Core	Cell 1	Cell 2	Cell 3	Total
Fund brought forward	X	X	X	X	X
Premiums					
Gross premiums receivable	X	X	X	X	X
Reinsurance premiums payable	(X)	(X)	(X)	(X)	(X)
	X	X	X	X	X
Investment return					
Investment income	X	X	X	X	X
Gains/(losses) on investments	(X)	X	X	X	X
	X	X	X	X	X
Benefits					
*Benefits payable	(X)	(X)	(X)	(X)	(X)
*Recoverable from reinsurers	X	X	X	X	X
	(X)	(X)	(X)	(X)	(X)
Commission and expenses					
Commission payable	(X)	(X)	(X)	(X)	(X)
Expenses	(X)	(X)	(X)	(X)	(X)
	(X)	(X)	(X)	(X)	(X)
Commission receivable	X	X	X	X	X
	(X)	(X)	(X)	(X)	(X)
Taxation	(X)	(X)	(X)	(X)	(X)
	(X)	(X)	(X)	(X)	(X)
Transfer (to)/from profit and loss account	X	(X)	(X)	X	X
Fund carried forward	X	X	X	X	X

NOTES:

1. Corresponding figures to be given for preceding accounting period.
2. Items which are marked with an asterisk may be disclosed by way of note.
3. 'Where an item is nil in both the period and the preceding period, the relevant heading may be omitted.

SCHEDULE 3

Regulation 7

PART I

PROF'IT AND LOSS ACCOUNT

	Core	Cell 1	Cell 2	Cell 3	Total
Transfer from/(to) insurance accounts					
General business revenue account	X	X	(X)	X	X
General business fund	X	(X)	(X)	X	X
Long-term business fund	(X)	X	X	(X)	(X)
	(X)	(X)	(X)	(X)	(X)
Investment return (excluding long-term business):					
Investment income	X	X	X	X	X
Gains/(losses) on investments					
Realised	X	(X)	X	(X)	X
Unrealised	(X)	(X)	X	X	X
	X	(X)	X	X	X
Allocated to general business revenue account	(X)	X	(X)	-	(X)
Allocated to general business fund	(X)	X	-	(X)	(X)
	(X)	X	(X)	(X)	(X)
Differences on exchange	X	X	X	(X)	X
	X	X	(X)	(X)	X
Loan interest payable	(X)	(X)	(X)	(X)	(X)
Other expenses	(X)	(X)	(X)	(X)	(X)
	(X)	(X)	(X)	(X)	(X)
Profit/(loss) before taxation	X	(X)	X	X	X
Taxation	(X)	(X)	(X)	(X)	(X)
Profit/(loss) after taxation	X	(X)	X	X	X
Dividends paid and proposed	(X)	-	-	(X)	(X)
Retained profit/(loss)	X	X	X	X	X

NOTES:

1. Corresponding figures to be given for preceding accounting period.
2. Where an item is nil in both the period and the preceding period, the relevant heading may be omitted.



PART II**INCOME AND EXPENDITURE ACCOUNT**

(For Mutual Association carrying on General Business)

	Core	Cell 1	Cell 2	Cell 3	Total
Premiums/contributions					
Advance	X	X	X	X	X
premiums/contributions receivable from members					
Supplementary	X	X	X	X	X
premiums/contributions receivable from members					
	X	X	X	X	X
Reinsurance premiums payable	(X)	(X)	(X)	(X)	(X)
	X	X	X	X	X
Investment return					
Investment income	X	X	X	X	X
Gains/(losses) on investments					
Realised	(X)	X	X	X	X
Unrealised	X	X	(X)	X	X
	X	X	X	X	X
Claims					
*Claims paid	(X)	(X)	(X)	(X)	(X)
*Recoverable from reinsurers	X	X	X	X	X
	(X)	(X)	(X)	(X)	(X)
Expenses	(X)	(X)	(X)	(X)	(X)
Differences on exchange	(X)	X	(X)	(X)	(X)
Other items (to be specified)	(X)	(X)	(X)	(X)	(X)
	(X)	(X)	(X)	(X)	(X)
Transfer to reserves	(X)	(X)	(X)	(X)	(X)
Transfer (to)/from fund available for outstanding and unreported claims	X	(X)	(X)	X	X

NOTES:

1. Corresponding figures to be given for preceding accounting period.
2. Items which are marked with an asterisk may be disclosed by way of note
3. Where there are nil items, the relevant heading may be omitted.

SCHEDULE 4

Regulation 8

PART I

BALANCE SHEET

	Core	Cell 1	Cell 2	Cell 3	Total
Tangible fixed assets	X	X	X	X	X
Investments in related entities	X	X	X	X	X
Other investments					
*Property	X	X	X	X	X
*Fixed interest securities	X	X	X	X	X
*Deposits, loans and mortgages	X	X	X	X	X
*Ordinary shares and unit trusts	X	X	X	X	X
*Other investments	X	X	X	X	X
	X	X	X	X	X
Other assets					
Deposits with reinsurers	X	X	X	X	X
Amounts withheld by ceding companies	X	X	X	X	X
Other insurance debtors	X	X	X	X	X
Bank balances and cash	X	X	X	X	X
Miscellaneous	X	X	X	X	X
	X	X	X	X	X
General business insurance provisions and funds					
Unearned premiums	(X)	(X)	(X)	(X)	(X)
Deferred acquisition costs	X	X	X	X	X
	(X)	(X)	(X)	(X)	(X)
Unexpired losses	(X)	(X)	(X)	(X)	(X)
Claims (including claims incurred but not reported)	(X)	(X)	(X)	(X)	(X)
General business fund	(X)	(X)	(X)	(X)	(X)
Other liabilities					
Deposits by ceding insurers	(X)	(X)	(X)	(X)	(X)
Amounts withheld from reinsurers	(X)	(X)	(X)	(X)	(X)
Other insurance creditors	(X)	(X)	(X)	(X)	(X)
Bank loans and overdrafts	(X)	(X)	(X)	(X)	(X)
Taxation	(X)	(X)	(X)	(X)	(X)
Proposed dividend	(X)	(X)	(X)	(X)	(X)
Miscellaneous	(X)	(X)	(X)	(X)	(X)

	(X)	(X)	(X)	(X)	(X)
Net shareholders' assets	X	X	X	X	X
Net assets attributable to long-term business fund	X	X	X	X	X
	X	X	X	X	X
Representing:					
Share capital	X	X	X	X	X
Share premium account	X	X	X	X	X
Revaluation reserve	X	X	X	X	X
Distributable reserve	X	X	X	X	X
Shareholders' funds	X	X	X	X	X
Long-term business fund	X	X	X	X	X
	X	X	X	X	X

NOTES:

1. Corresponding figures to be given for preceding accounting period.
2. Items which are marked with an asterisk may be disclosed by way of note.
3. Where there are nil items in both the period and the preceding period, the relevant heading may be omitted

PART II**BALANCE SHEET**

(Mutual Association carrying on General Business)

	Core	Cell 1	Cell 2	Cell 3	Total
Tangible fixed assets	X	X	X	X	X
Investments in related entities	X	X	X	X	X
Other investments					
*Property	X	X	X	X	X
*Fixed interest securities	X	X	X	X	X
*Deposits, loans and mortgages	X	X	X	X	X
*Ordinary shares and unit trusts	X	X	X	X	X
*Other investments	X	X	X	X	X
	X	X	X	X	X
Other assets					
Accounts due from members	X	X	X	X	X
Deposits with reinsurers	X	X	X	X	X
Other insurance debtors	X	X	X	X	X
Bank balances and cash	X	X	X	X	X
Miscellaneous	X	X	X	X	X
	X	X	X	X	X
Total assets	X	X	X	X	X
Liabilities					
Amounts due to members	(X)	(X)	(X)	(X)	(X)
Amounts withheld from reinsurers	(X)	(X)	(X)	(X)	(X)
Other insurance creditors	(X)	(X)	(X)	(X)	(X)
Bank loans and overdrafts	(X)	(X)	(X)	(X)	(X)
Miscellaneous	(X)	(X)	(X)	(X)	(X)
	(X)	(X)	(X)	(X)	(X)
Net assets	X	X	X	X	X
Representing					
Guarantee fund	X	X	X	X	X
Reserves	X	X	X	X	X
Fund available for outstanding and unreported claims	X	X	X	X	X
	X	X	X	X	X

NOTES:

1. Corresponding figures to be given for preceding accounting period.
2. Items which are marked with an asterisk may be disclosed by way of note.

3. Where there are nil items in both the period and the preceding period, the relevant heading may be omitted.

PART III**LONG TERM BUSINESS FUND BALANCE SHEET**

	Core	Cell 1	Cell 2	Cell 3	Total
Tangible fixed assets	X	X	X	X	X
Investments in related entities	X	X	X	X	X
Other investments					
*Property	X	X	X	X	X
*Fixed interest securities	X	X	X	X	X
*Deposits, loans and mortgages	X	X	X	X	X
*Ordinary shares and unit trusts	X	X	X	X	X
*Other investments	X	X	X	X	X
	X	X	X	X	X
Other assets					
Deposits with reinsurers	X	X	X	X	X
Other insurance debtors	X	X	X	X	X
Bank balances and cash	X	X	X	X	X
Miscellaneous	X	X	X	X	X
	X	X	X	X	X
Total Assets	X	X	X	X	X
Liabilities					
Deposits by ceding assureds	(X)	(X)	(X)	(X)	(X)
Other insurance creditors	(X)	(X)	(X)	(X)	(X)
Bank loans and overdrafts	(X)	(X)	(X)	(X)	(X)
Taxation	(X)	(X)	(X)	(X)	(X)
Miscellaneous	(X)	(X)	(X)	(X)	(X)
	(X)	(X)	(X)	(X)	(X)
Net assets	X	X	X	X	X
Representing long-term business fund	X	X	X	X	X

NOTES:

1. Corresponding figures to be given for preceding accounting period.
2. Items which are marked with an asterisk may be disclosed by way of note.
3. Where there are nil items in both the period and the preceding period, the relevant heading may be omitted.

SCHEDULE 5

Regulation 10

PART I**SUPPLEMENTARY INFORMATION**

The Following shall be provided in respect of each cell and, where applicable, the core.

General Business

1 Analysis of Revenue Account or Fund Account (if not separately identified in audited accounts) between:-

- (a) marine, aviation and transport (class 3);
- (b) motor (class 5);
- (c) liability (class 7); and
- (d) other classes.

2 Schedule of maximum retentions, net of reinsurance, any one risk or event each and every class of business, based on:-

- (a) policy limits;
- (b) estimated maximum loss (if applicable).

3 Summary of reinsurance business ceded or retroceded, stating for each class of insurance and/or contract:-

- (a) type of reinsurance cover;
- (b) threshold and limit any one risk/any one event and in aggregate;
- (c) basis of premium payable and commission receivable;
- (d) names of reinsurers writing individually (or together with associated companies) 10% or more of any treaty or more than 5% of the total amount of premiums ceded.

4 (1) Claims settlement analysis by year of origin (gross) for:

- (a) motor (class 5);
- (b) liability (class 7):-
 - (i) employers' liability and workman's compensation;
 - (ii) public liability and products' liability;
 - (iii) any other insurance that is mainly liability:-
(to be specified)

(2) The analysis shall indicate the development of each underwriting year at the end of each financial year of reported claims outstanding and of provisions for claims incurred but not reported.

(3) The analysis shall indicate the development and settlement of any claim (or number of claims from the same event) which exceeds 20% of the adjusted net assets, as determined by the calculation of solvency margin.

5 If a letter of credit or a guarantee has been or will be issued in support of the business either directly or indirectly, the following information must be supplied for each such security:-

- (a) beneficiary;
- (b) issued by;
- (c) to cost of;
- (d) amount of credit or guarantee;
- (e) in respect of;
- (f) whether adjustable and, if so, when;
- (g) term of notice;
- (h) restrictions on drawing rights; and
- (i) other material terms or conditions.

6 Details of any material change, made or projected, in the information provided under paragraph 2 or 3 above subsequent to the financial year end, or confirmation that no material change has been made or is projected for the current financial year.

Restricted Long-term Business

1 Analysis of premiums receivable (in Fund Account) net of reinsurance between the following classes:

- (a) Life/annuity/pension contracts - linked : -
 - (i) single premium;
 - (ii) regular premium;
- (b) Life/annuity/pension contracts - non-linked: -
 - (i) single premium;
 - (ii) regular premium;
- (c) Permanent health/disability;
- (d) Other (to be specified).

2 Maximum retention by class of contract net of reinsurance.

3. The actuarial valuation of liabilities by class of contract net of reinsurance.

Long term Business (Other than Restricted)

1 Analysis of new business premiums receivable (in Long term Business Fund) both gross and net of reinsurance under contracts within each class of business categorised by reference to type of product.

2 Where under this Schedule information is produced which relates to a period to which an existing 3 year business plan applies, a comparison of new business premiums receivable, long-term business fund, profit and loss account, long-term business fund balance sheet and balance sheet with the projections given in that business plan. Overruns in initial expenses, renewal expenses and all other material differences shall be explained.

3 A 3 year business plan containing the same information as is specified in paragraph 12(b) of the Guidance Notes issued by the Authority on the 1st November 1990. The new plan shall have effect from the date of the annual accounts.

Where there are material differences between the new plan and any existing business plan in respect of any period for which both plans provide, those differences shall be explained.

4 A statement of the value of assets in the long-term business fund categorised by reference to the following categories of assets:-

- (a) British Government stocks,
- (b) Overseas Government bonds,
- (c) other fixed interest stocks listed on an investment exchange,
- (d) shares listed on the International Stock Exchange of the United Kingdom and the Republic of Ireland,
- (e) shares listed on any other investment exchange,
- (f) stocks, shares and other securities not listed on any investment exchange,
- (g) land,
- (h) cash and deposits,
- (i) futures and options contracts,
- (j) other investments.

5 Maximum retention by type of product net of reinsurance.

General, Restricted Long-term Business and Long-term Business (Other than

Restricted)

A statement of the solvency margin of the insurer in the form contained in Part III of Schedule 6.

PART II**DIRECTORS' CERTIFICATE**

We certify that:

1 The Company complied with the requirements of the Insurance Act 1986, the Insurance Regulations 1986, the Protected Cell Companies Act 2004 and the Insurance (Protected Cell Companies) Regulations 2004 during the financial year ended ().

2 The Supplementary Information submitted with the audited accounts for that year (other than the actuarial valuation of liabilities by class of contract net of reinsurance) has been compiled in accordance with the Insurance (Protected Cell Companies) Regulations 2004.

3 The excess of adjusted net assets (calculated in accordance with the Insurance (Protected Cell Companies) Regulations 2004) over the required minimum margin of solvency at the end of that year was £ .

4 As at the end of that year no charge had been made on the cellular or non-cellular assets of the Company to secure the liabilities of any other person (except as stated in notes to the annual accounts*) and there has been no charge since that date.

5 There was no material change in the cellular or non-cellular share ownership or share structure of the Company during that year (apart from the change notified to the Insurance Supervisor in writing on *).

6. For a company carrying on class 1 or 2 business except when carried on as restricted business under class 12, the company has installed systems sufficient to satisfy the requirements of, and has complied with the requirements of the Anti-Money Laundering Standards for Insurance Business.

Director

Director

Date

* Delete or include as appropriate

PART III**ACTUARY'S REPORT**

To the Insurance Supervisor

I/We have examined the information furnished pursuant to regulation 10 of the Insurance (Protected Cell Companies) Regulations 2004 in respect of the year/period ended

With the exception of any revised business plan, in my/our opinion the information correctly reflects:

- (i) the actuarial valuation of long-term business liabilities by class of contract; and
- (ii) the amount of the quantified actuarial surplus in the long-term business fund.

Where a revised business plan is submitted I/we:

- (iii) consider the financing of the company to be sufficient to cover both technical reserves and the required margin of solvency during the next three financial years: and
- (iv) agree with the information provided in the Business Plan in so far as it relates to long-term business.

Date

Signed

Qualification

PART IV**AUDITORS' REPORT**

To the Insurance Supervisor

We have examined the information furnished pursuant to regulation 10 of the Insurance (Protected Cell Companies) Regulations 2004.

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

- (i) all of the information prescribed in regulation 10 of, and Schedule 5 to, those Regulations as is relevant to the business carried on by the company (other than the revised 3 year business plan for long term business, if applicable, and the actuarial valuation of class of contract net of reinsurance) has been properly prepared; and
- (ii) it was reasonable for the directors giving the certificate under regulation 10(b) of the Insurance (Protected Cell Companies) Regulations 2004 to have made the statements thereon contained in paragraphs 2, 3, 4 and, for a company carrying on class 1 or 2 business except when carried on as a restricted business under class 12, paragraph 6.

Date

Signed

Qualification

SCHEDULE 6

Regulation 11

PART I**SOLVENCY MARGINS**

- 1 (1) The minimum margin of solvency of a PCC or cell authorised to carry on:-
- (a) long-term business within Classes 1 and 2 shall be either £500,000 or the sum produced by applying the following percentages to the actuarial value of liabilities to policyholders net of reinsurance:-
 - (i) ¼% for business within Class 1; and
 - (ii) 1% for business within Class 2,whichever is the greater;
 - (b) general business within Classes 3 to 9 shall be:-
 - (i) in respect of the core, 15% of net premiums written in respect of the core, or £150,000, whichever is the greater;
 - (ii) in respect of a cell, 15% of net premiums written in respect of that cell;
 - (c) reinsurance business within Classes 10 and 11 shall be, in respect of the core, £100,000;
 - (d) general business within Class 12 shall be:
 - (i) in respect of the core, £50,000 plus:
 - (a) 10% of net premiums written in respect of the core up to 2 million pounds; and
 - (b) 5% of net premiums written in respect of the core in excess of 2 million pounds;
 - (ii) in respect of a cell:
 - (a) 10% of net premiums written in respect of that cell up to 2 million pounds; and
 - (b) 5% of net premiums written in respect of that cell in excess of 2 million pounds;
 - (e) long term business within Class 12 shall be:
 - (i) in respect of the core, £100,000;
 - (ii) in respect of a cell, £100,000;⁴
 - (f) restricted (special) business within Class 12A shall be:
 - (i) in respect of the core, £100,000;

(ii) in respect of a cell, £100,000.⁵

(2) Where a PCC is authorised to carry on more than one category of business, the minimum margin of solvency in respect of the core shall be the sum of the solvency margins for each authorised category.

(3) The minimum margin of solvency in respect of a PCC shall be the aggregate of the solvency margins of each of the core and every cell, as calculated under sub-paragraph (1).

2 In paragraph 1:-

“net premiums written” means the premium income receivable in the insurer’s last preceding financial year net of reinsurance and reduced by any rebates or refunds, but where an insurer has not completed its first financial year, the net premiums written shall be taken to be the amount stated in its application for authorisation as the maximum aggregate net premiums which will be written in the first year.

PART II

ADMISSIBILITY OF ASSETS

1 (1) In this Part:-

“the aggregated funds” means the sum of -

- (a) in respect of a cell, the cell shareholders’ funds and the cell general business insurance provisions; or
- (b) in respect of the core, the shareholders’ funds and the core general business insurance provisions and funds,

as shown by the balance sheet prepared in accordance with regulation 8;

“approved investments” means :-

- (a) any investments which are issued or guaranteed by:-
 - (i) the Government of the Island;
 - (ii) the Government of the United Kingdom;
- (b) Treasury Bills, Tax Reserve Certificates, or Certificates of Tax Deposit, United Kingdom National Savings Income bonds and fixed interest securities issued by any local authority in the Island or the United Kingdom;
- (c) any dated investment which is listed on a recognised exchange and which is issued by the Government of:-
 - (i) the United States of America;
 - (ii) any Member State of the European Union; or

- (d) any dated investment which is listed on a recognised exchange and which is issued by any other Government or organisation if the Supervisor has confirmed in writing that investments issued by such Government or organisation are acceptable to him either in general or on a case by case basis;

“associate” includes, without prejudice to section 34 of the Insurance Act 1986;

- (a) in respect of a cell, any related entities (as defined by Regulation 2(b)) of the cell, the controller of the cell and the insurance manager of the PCC;
- (b) in respect of the core, any related entities (as defined by Regulation 2(a)) of the PCC and the controller and insurance manager of the PCC;

“debt” (without limiting any other meaning of the term debt), in relation to an insurer, includes assets representing amounts that may become due to the insurer on a contingent basis;⁶

“investments” includes securities ;

“premium” that is a debt of an insurer, as referred to in entry G or H of the table in paragraph 6, also includes debts relating to return reinsurance premium receivable by the insurer;⁷

“recognised exchange” means The Stock Exchange London, and any recognised investment exchange under the Financial Services Act 1986 or an investment exchange that is treated as recognised under section 290 of the Financial Services and Markets Act 2000 (Acts of Parliament) and any other investment exchange which is acceptable to the Supervisor;

“shareholders’ funds” means -

- (a) in respect of a cell, the cell shareholders’ funds; or
- (b) in respect of the core, the shareholders’ funds,

as shown by the balance sheet prepared in accordance with regulation 8.

(2) In the application of this Part to mutual associations, references to “shareholders’ funds” and “general business insurance provisions and funds” shall be construed as references to “the sum of the guarantee fund and the reserves” and “the fund available for outstanding and unreported claims” respectively.

2 (1) Subject to sub-paragraph (2), an asset subject to a third party charge shall be admissible only to the extent that it exceeds the amount outstanding under the charge.

(2) Sub-paragraph (1) shall not apply in respect of an asset subject to a third party charge where that charge only secures a liability which arises out of an arrangement under which the third party agrees to guarantee the payment of any claim made under a contract of insurance effected by the insurer.

(3) In this paragraph, “asset subject to a third party charge” means an asset of an insurer which is subject to any mortgage, charge, lien or other arrangement (including any arrangement whereby any premiums paid to, or assets of, the insurer are held in trust) to secure a liability of a third party.

3 For the purposes of entry B of paragraph 6, the calculations shall be based upon:-

- (a) valuations by independent professional valuers made within the period of 3 years immediately preceding the balance sheet date; or
- (b) the purchase price, if the land or buildings were purchased in an arms length transaction within that period.

4 An asset falling within entry C of paragraph 6 shall not be admissible for the purposes of calculating the solvency margin of a cell/the core if it is leased by the cell/core or is subject to a hire purchase or conditional sale agreement or any financial arrangement under which the property in the asset is not vested in the cell/core.

5 (1) Where a cell/the core holds any units in an acceptable scheme, then, for the purposes of calculating the solvency margin of that cell / the core, the holding may be treated as a holding of the property of the scheme (other than any part of such property which is not attributable to the units) in proportion to the number of units in the scheme held by the cell/core.

(2) For the purposes of sub-paragraph (1), an “acceptable scheme” is a collective investment scheme which the Supervisor has confirmed in writing is acceptable to him.

(3) Expressions used in this paragraph have the same meaning as in the Financial Supervision Act 1988⁵.

6 Subject to the provisions of this Part, the assets, other than assets attributable to long-term business, described in column 1 of the following table shall not be admissible for the purposes of calculating the solvency margin of an insurer to the extent specified in column 2:-

TABLE

	Assets	Amount not admissible
A	Investments (other than land and buildings)	
	(a) Approved investments::	in respect of each holding, the amount in excess of 20% of the aggregated funds
	(b) Other investments listed on a recognised exchange:	in respect of each holding, the amount in excess of 10% of the aggregated funds.
	(c) Investments (other than those falling within head (b)) in, or	the aggregate amount in excess of 25% of the shareholders' funds.

⁵ 1988 c.16

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	amounts owing by any associate of the insurer:	
	(d) Any other unlisted investments	the aggregate amount in excess of 10% of the shareholders' funds.
B	Land and buildings	
	(a) All land and buildings (including those falling within head (b)):	the aggregate amount in excess of 25% of the aggregated funds
	(b) Land and buildings occupied by the insurer or an associate of the insurer:	the aggregate amount in excess of 10% of shareholders' funds.
C	Tangible fixed assets (other than those described elsewhere in this Table):	the aggregate amount in excess of 10% of the shareholders' funds.
D	Intangible fixed assets:	not admissible
E	Deferred acquisition costs	the aggregate amount in excess of 20% of the unearned premium provision as shown by the balance sheet prepared in accordance with regulation 9.
F ⁸	Debts (other than those falling within entry A, G, H or paragraph 7), which have been outstanding, whether due or not, for more than 12 months at the balance sheet date:	not admissible
G ⁹	<p>Subject to heads (i) and (ii) and entries I and J, the period referred to in entry F shall instead be 3 months commencing from the date when a debt falling under one or more of heads (a) to (f) is no longer offset by a liability provision (and is therefore no longer admissible) in accordance with that entry.</p> <p>(a) Premium receivable or potentially receivable by an insurer (debt), in the amount by which that debt is offset by a provision of the insurer for any unearned portion of that debt (liability provision), is admissible for the purposes of calculating the solvency margin of the insurer.</p> <p>(b) Commission receivable or potentially receivable by an insurer (debt), in the amount by which that debt is offset by a provision of the insurer for any unearned portion of that debt (liability provision), is admissible for the purposes of calculating the solvency margin of the insurer.</p>	[this column is left intentionally blank]



<p>(c) Claims or expenses recoverable or potentially recoverable by an insurer under an outward reinsurance contract of the insurer (debt), in the amount by which that debt is offset by a provision of the insurer for actual or potential claims or expenses reinsured under that contract (liability provision), are admissible for the purposes of calculating the solvency margin of the insurer.</p> <p>(d) Additional premium receivable or potentially receivable by an insurer under a contract of the insurer, to which it is entitled as a result of the occurrence or potential occurrence of claims or expenses payable by the insurer under that contract (debt), in the amount by which that debt is offset by a provision of the insurer for those claims or expenses (liability provision), is admissible for the purposes of calculating the solvency margin of the insurer.</p> <p>(e) A debt of an insurer that the insurer has the right to net off under a contract of the insurer against a liability or potential liability of the insurer, in the amount by which that debt is offset by a provision of the insurer for that liability (liability provision), is admissible for the purposes of calculating the solvency margin of the insurer.</p> <p>(f) A debt of an insurer, in the amount by which that debt is offset by a corresponding provision of the insurer for bad and doubtful debts (liability provision), is admissible for the purposes of calculating the solvency margin of the insurer.</p> <p>In this entry -</p> <p>(i) a debt is no longer offset by a liability provision from the date (and to the degree) the liability</p>	
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	<p>provision would no longer appear with the debt on the same balance sheet of the insurer in question if the insurer were to prepare a balance sheet on, and made up to, that date; and</p> <p>(ii) the 3 month period shall apply only to that part of a debt which is no longer offset under one or more of heads (a) to (f).</p>	
H ¹⁰	<p>H. Subject to entries I and J -</p> <p>(a) for a debt representing additional premium receivable or potentially receivable by an insurer to which it is entitled as a result of a declaration or potential declaration to the insurer of asset values or exposure values insured by the insurer under a declaration policy it has written, the period referred to in entry F shall instead be 3 months commencing from the date the declaration is made to the insurer.</p> <p>In this entry a "declaration policy" is an insurance contract under the terms of which the insured is obliged to declare periodically to the insurer the asset values or exposure values insured under the policy as these ' may fluctuate in the period of insurance and result in later premium adjustments under the policy; and</p> <p>(b) a debt representing after the event legal expenses insurance premium receivable or potentially receivable by an insurer, where such receipt is conditional upon the conclusion of due process in relation to court proceedings, is admissible for the purposes of calculating the solvency margin of the insurer until the insurer has been notified formally that the process has been completed.</p> <p>In this entry "after the event legal expenses insurance" means a contract of insurance relating to legal proceedings (taken out after the event that triggered the legal</p>	

	proceedings) which indemnifies the insured against certain costs if the legal action is discontinued or lost.	
i ¹¹	A debt shall be admissible for the longer period that would result under entry F, G or H (as applicable) in relation to that debt.	
j ¹²	For the avoidance of doubt, in relation to a debt, any relief from inadmissibility available under one or more of the categories in entries G or H shall not individually or collectively exceed the amount of that debt.	

7 Subject to the provisions of this Part, the assets, other than assets attributable to long-term business, described in column 1 of the following table shall be admissible for the purposes of calculating the solvency margin of an insurer to the extent specified in column 2:-

TABLE

	Assets	Maximum amount admissible
A	Issued ,share capital which is unpaid but is fully supported by a letter of credit or a guarantee from a bank or other institution acceptable to the Supervisor and in a form approved by him:	an amount not exceeding 3 times the paid up amount of the share capital (including any share premium).
B	Letters of credit or a guarantee from a bank or other institution acceptable to the Supervisor and in a form approved by him:	the amount required by the Supervisor to provide for exceptional circumstances.

PART III

CALCULATION OF' SOLVENCY MARGIN

1 The solvency margin of an insurer shall be calculated in the manner specified in the following table:-

CALCULATION OF SOLVENCY MARGIN

A - SHAREHOLDERS' FUNDS AND GENERAL BUSINESS

	Core	Cell 1	Cell 2	Cell 3	Total
Shareholders' funds as shown by audited (non-consolidated) balance sheet (note (i))	X	X	X	X	X
Undisclosed reserves included in:					
Provision for claims	X	X	X	X	X

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General business fund	X	X	X	X	X
	X	X	X	X	X
Adjustment of assets to market value (note (ii))	X	X	X	X	X
	X	X	X	X	X
Adjustments on restatement of assets in accordance with Part II of Schedule 6					
1. Investments (other than land and buildings)	(X)	(X)	(X)	(X)	(X)
2. Land and Buildings	(X)	(X)	(X)	(X)	(X)
3. Other tangible assets	(X)	(X)	(X)	(X)	(X)
4. Assets subject to charge	(X)	(X)	(X)	(X)	(X)
5. Intangible assets	(X)	(X)	(X)	(X)	(X)
6. Deferred acquisition costs	(X)	(X)	(X)	(X)	(X)
7. Debts	(X)	(X)	(X)	(X)	(X)
8. Unpaid share capital	X	X	X	X	X
9. Letters of credit and guarantees (note (iii))	X	X	X	X	X
	X	X	X	X	X
Adjusted net assets	X	X	X	X	X
Required minimum margin for general business (note (iv))	(X)	(X)	(X)	(X)	(X)
Excess/deficiency	X	(X)	(X)	X	X
“Borrowed” from core	(X)	x	x	-	-
Excess over required minimum margin	X	X	X	X	X

B - LONG-TERM BUSINESS

	Core	Cell 1	Cell 2	Cell 3	Total
Quantified actuarial surplus in long-term business fund (note (v))	X	X	X	X	X
Surplus from Section A (note (vi))	X	X	X	X	X
Required minimum margin for long-term business (note (iv))	X	X	X	X	X
Excess/deficiency	X	X	(X)	(X)	X
“Borrowed” from core	(X)	-	X	X	-
Excess over required minimum margin	X	X	X	X	X

NOTES:

- (i) In the application of this Part to mutual associations, references to “shareholders’ funds” and “general business insurance provisions and funds” shall be construed as references to “the sum of the guarantee fund and the reserves” and “the fund available for outstanding and unreported claims” respectively.

- (ii) Where investments or land and buildings are stated in the shareholders' accounts at an amount less than market value, an adjustment to market value may be included in the calculation of adjusted net assets for solvency margin purposes (subject to any restriction on admissibility in accordance with Part II of Schedule 6).
- (iii) Issuing body to be specified.
- (iv) Detail of calculation to be shown.
- (v) As certified by the actuary to the insurer.
- (vi) The amount to be entered at this line will, in the case of a company not writing general business, be the amount of the net assets of the company (excluding those attributed to the long-term fund) adjusted in accordance with Part II of Schedule 6.

SCHEDULE 7

Regulation 14

PART I

REGISTER OF AUTHORISED INSURERS

- 1 Name of Authorised Insurer
- 2 Address of Registered Office
- 3 Date of Authorisation
- 4 Categories and classes for which authorisation is granted
- 5 Date and details of any amendment to original authorisation
- 6 Conditions, if any, attaching to authorisation
- 7 Name of Insurance Manager
- 8 Name of Auditor
- 9 Name of each Cell forming part of the PCC
- 10 Date of addition of each Cell forming part of the PCC

SCHEDULE 8

Regulation 16

PART I

APPLICATION FOR INSURANCE PERMIT FOR A CELLULAR ENTITY

To the Insurance Supervisor

(State name of the company (or proposed company) for which a permit is required)

On behalf of the above company, I hereby apply for the issue of a permit under Section 25 of the Insurance Act 1986 to carry on an insurance business in or from the Isle of Man.

I declare that the information given in the Appendix hereto is correct to the best of my knowledge and belief.

I agree to furnish any further information which the Insurance Supervisor may require when considering this application.

Date

Signed

(State in full the name and address of the Applicant and the capacity in which he makes the application)

APPENDIX

1	Name of company	
2	Address of registered office	
3	Date, place and number of incorporation	
4	Business address in the Isle of Man	
5	Country in which authorised to carry on an insurance business	
6	Licence No. and date of issue	
7	If NOT a UK authorised insurer, state the date on which, and the year for which, audited annual accounts were last submitted to the supervisory authority and provide a copy of the accounts	
8	Classes of insurance business which the Company is authorised to carry on	
9	Classes of insurance business for which a permit is required	
10	Projected premium income, gross and net of reinsurance, in respect of business carried on in or from the Isle of Man	
11	Projected profit / loss before taxation for the same period	
12	Name of the senior executive in the Isle of Man	
13	Number of staff employed in the Isle of Man	
14	If the company does not have a business in the Isle of Man, state the name(s) of its main agents in the Island	
15	State the returns made or to be made to Government departments in the Isle of Man and the person responsible for making them	

Note: If the applicant is not an insurer authorised by a Member State of the E.U., complete also the Appendices to Parts I and III of Schedule 1 and provide the information set out in Part II to that Schedule.

PART II

REGISTER OF PERMIT HOLDERS

- 1 Name of Permit Holder
- 2 Business address in the Isle of Man
- 3 Principal business address
- 4 Country of incorporation
- 5 Classes of insurance business carried on
- 6 Conditions, if any, attaching to authorisation
- 7 Name of each Cell forming part of the Permit Holder

ENDNOTES**Table of Endnote References**

¹ The format of this legislation has been changed as provided for under section 75 of, and paragraph 2 of Schedule 1 to, the Legislation Act 2015. The changes have been approved by the Attorney General after consultation with the Clerk of Tynwald as required by section 76 of the Legislation Act 2015.

² Entry inserted by SD267/05.

³ Para (1) amended by SD267/05.

⁴ Para (e) inserted by SD267/05.

⁵ Para (f) inserted by SD267/05.

⁶ Definition of “debt” inserted by SD918/11.

⁷ Definition of “premium” inserted by SD918/11.

⁸ Entry F substituted by SD918/11.

⁹ Entry G inserted by SD918/11.

¹⁰ Entry H inserted by SD918/11.

¹¹ Entry I inserted by SD918/11.

¹² Entry J inserted by SD918/11.