

D

THE INSURANCE ACT, 2005
(Act No. 16 of 2005)

THE INSURANCE REGULATIONS 2009
(Draft Version 6.12)

In exercise of the power conferred upon the Insurance Commission by section 233 of the Insurance Act, 2005, the following regulations are hereby made with the approval of the Minister -

PART I - PRELIMINARY

Citation.

1. These regulations may be cited as the Insurance Regulations, 2009.

Interpretation.

2.(1) In these regulations unless the context otherwise requires -

“accident and sickness insurance” means -

(a) in the case of accident -

- (i) insurance against loss resulting from bodily injury to, or the death of, a person caused by an accident, or
- (ii) insurance whereby an insurer undertakes to pay a certain sum or sums of insurance money in the event of bodily injury to, or the death of, a person caused by an accident; and

(b) in the case of sickness -

- (i) insurance against loss resulting from the sickness or disability of a person other than loss resulting from an accident or death,
- (ii) insurance whereby an insurer

D

undertakes to pay a certain sum or sums of insurance money in the event of the sickness or disability of a person other than as a result of an accident, or

R

- (iii) insurance whereby an insurer undertakes to pay a certain sum or sums of insurance money to reimburse expenses incurred for the health care, including the dental care and the preventative care of a person other than as a result of an accident;

A

“accidental death insurance” means insurance undertaken by an insurer whereby the insurer undertakes to pay an amount of insurance money in the event of the death by accident of the person who is insured;

“acquisition costs” means, with respect to -

E

- (a) life insurance, costs incurred in the acquisition of new insurance policies and annuity contracts, including those costs that vary with and are primarily related to the acquisition of the policies and contracts, such as commissions, certain underwriting and policy issuing costs, and medical fees;
- (b) general insurance, all expenses incurred in relation to the production of new and renewal business, including specifically identifiable and allocated expenses relating to commissions, bonuses,

T

D

allowances and other compensation paid to agents and brokers;

"the Act" means the Insurance Act, 2005;

"adjuster" means in addition to the definition in the Act, an individual who -

R

- (a) is a member of a professional body of adjusters that is internationally recognized; or
- (b) is recognized by the Commission as being suitably qualified to act as an adjuster by reason of his knowledge and experiences;

"affiliate" means an entity that is affiliated with another entity and for purposes hereof one entity is affiliated with another entity if one of the entities is controlled by the other or both are controlled by the same person;

"amortization date" means, in relation to the value of a mortgage loan payable to a registered insurer, the earliest of the following dates, namely -

- (a) the earliest date, if any, when the rate of interest payable under the terms of the mortgage loan can be increased by the lender;
- (b) the date when the mortgage loan is repaid in full if it is repaid in accordance with the loan agreement; and
- (c) where the purchase price of the mortgage loan is in excess of the principal amount outstanding under the loan on the date of its acquisition by the registered insurer,

T

D

the earliest date, if any, before the end of the original term of the loan, when the loan can be repaid in full without the borrower incurring a penalty in excess of an amount equal to interest in respect of six months calculated on the principal amount outstanding under the loan on the date of repayment;

R

"amortized value" means, in relation to the value of redeemable security on any date after its acquisition, a value so determined that if the security were purchased at that date and at that value, the yield would be the same as the yield with reference to the purchase price;

"annual statement" means in respect of a registered insurer, the annual return of the registered insurer prepared in accordance with section 58 of the Act;

"approved educational institution" means the institution or organization appointed by the Commission to supervise and administer the examinations required in pursuance of Part V of the Act;

"Board" means the person appointed by the Commission to supervise and administer the examinations required in pursuance of Part V of the Act;

"board", "board of directors", or "directors" refers to the directors of a body corporate as a body and, in the case of a society, refers to the supreme governing body of the society;

"body corporate" means a corporate body wherever or however incorporated;

D

"boiler and/or machinery insurance" means insurance against -

(a) liability arising out of -

(i) bodily injury to, or the death of, a person, or

(ii) the loss of, or damage to, property, or

R

(b) the loss of, or damage to, property, caused by the explosion or rupture or malfunction or breakdown of, or accident to, pressure vessels of any kind and pipes, engines and machinery;

"catastrophe hazard" means a circumstance under which there is a significant deviation of the actual aggregate losses from the expected aggregate losses. For example, a hurricane is a hazard that is catastrophic in nature;

"common-law partner" means, in relation to an individual, a person who is cohabiting with the individual in a conjugal relationship, having so cohabited for a period for at least seven years;

"company" means a body corporate that carries on or proposes to carry on insurance business in The Bahamas;

"company (or staff) adjuster" means an individual being a salaried employee of an insurer, agent or broker, who carries out on behalf of such insurer, agent or broker all or any of the functions described under the definition of adjuster;

"contractor's all risk insurance" means insurance

D

against loss incurred as a result of fire and other specified perils in respect of both temporary and permanent works while in the course of construction and until handed over by the contractor to the employer;

R

"controller" means a director or a chief executive officer of a company;

"credit insurance" means insurance against loss to a person who has granted credit where the loss is the result of the insolvency or default of the person to whom credit is given but does not include insurance coming within the class of mortgage insurance;

A

"credit protection insurance" means insurance whereby the insurer agrees to pay off credit balances or debts of individuals in the event of an impairment or potential impairment in the individual's income or ability to earn an income, but does not include insurance coming within the class of accident and sickness insurance, life insurance, or mortgage insurance;

E

"crops insurance" means insurance against loss of or damage to crops resulting from fire, windstorm, drought, flooding, disease and other perils;

I

"debt security" means a redeemable security, a perpetual bond or a mortgage loan;

"director" means a natural person occupying the position of director, by whatever name called, of a body corporate;

"directors' and officers' liability insurance" means insurance against liability incurred by

directors or officers under the Companies Act in or otherwise connection with their duties as directors and officers of companies;

"employers' liability insurance" means -

(a) insurance against legal liability arising out of bodily injury to, or the disability or death of, an employee of the insured occurring as a result of or in the course of the employee's employment; and

(b) if included in a contract that provides insurance against liability arising out of bodily injury to, or the disability or death of, an employee of the insured, includes insurance coming within the class of personal accident insurance covering an employee of the insured where the insurance is limited to accidents occurring as a result of or in the course of the employee's employment whether or not liability exists;

"entity" means a body corporate, trust, partnership, fund, an unincorporated association or organization, or an agency of the government;

"equity asset" means any share of the capital stock of a corporation;

"fidelity insurance" means -

(a) insurance against loss caused by the unfaithful performance of duties by a person in a position of trust; or

(b) insurance whereby an insurer undertakes to guarantee the proper fulfillment of

D

the duties of an office; including commercial guarantees, bankers' court and government bonds;

R

"fire insurance" means insurance against the loss of, or damage to, property caused by fire, lighting, explosion due to ignition, smoke, and the breakage of or the leakage from a sprinkler or other fire protection equipment or system;

"foreign company" means an insurance company incorporated or established outside The Bahamas;

"group insurance" means insurance whereby the lives or health of a number of persons are insured severally under a single contract between an insurer and an employer or other person;

"holding body corporate" means a body corporate that has another body corporate as its subsidiary;

"hurricane and windstorm insurance" insurance against the loss of, or damage to, property caused by windstorm, cyclone, hurricane or tornado, including rain accompanying, flood following and Tidal Wave caused by such perils;

"indebtedness" includes indebtedness in respect of commercial paper, acceptances, lines of credit to the extent drawn on and margin loans made to a director or officer of a company;

"independent" means not affiliated;

"independent adjuster" means an adjuster appointed by an insurer, agent, or broker to assess on behalf of the insurer, agent or broker the settlement of a claim under an insurance contract or policy;

D

"independent adjuster" means, in addition to the definition of "adjuster" above, an adjuster appointed by an insurer, agent, or broker to assess on behalf of the insurer, agent or broker the settlement of a claim under an insurance contract or policy;

R

"industrial life insurance" means life insurance, the premiums for which are usually collected weekly or monthly by the insurer's representative at the policyholder's home or place of work;

"legal expense insurance" means insurance against the cost incurred by a person or persons for specified legal services, including fees or other costs incurred relative to the provision of such services;

"liability insurance" means the business of effecting and carrying out contracts of insurance against risks of the persons insured incurring liabilities to third parties, not being risks arising out of, or in connection with the use of, motor vehicles or out of, or in connection with the use of, vessels or aircraft or risks incidental to the construction, repair or docking of vessels or aircraft;

"libel and slander insurance" means insurance against liability in law for damages and claimant's costs and expenses in respect of claims made against the insured for any libel, slander to title of goods, infringement of trademark, registered design, copyright or

D

patent right, arising from matter contained in specified publications;

"life insurance" means insurance in respect of which an insurer undertakes to pay insurance money -

R

- (a) on death;
- (b) on the happening of an event or contingency dependent on human life;
- (c) at a fixed or determinable future time or times; or
- (d) for a term dependent on human life, and which, for greater certainty,

A

includes -

- (i) accidental death insurance, but not accident insurance;
- (ii) health insurance;
- (iii) disability insurance;
- (iv) group insurance; and
- (v) an undertaking entered into by an insurer to provide a life or fixed term annuity or what would be an annuity except for the fact that the periodic payments may be unequal in amount, and provides for the establishment, accumulation and payment of sinking, redemption, accumulation renewal or endowment funds;

"livestock insurance" means insurance against the loss, sickness or death of, or injury to, animals, birds or fish;

"long-term mortgage loan" means on any date, a

D

mortgage loan the terms of which do not require the repayment in full of the principal amount thereof until after the expiration of five years from that date;

R

“long-term redeemable security” means on any date, a redeemable security the terms of which do not require the repayment in full of the principal amount thereof until after the expiration of five years from that date;

“marine, aviation and transit insurance” means the business of effecting and carrying out, otherwise than incidentally to some other class of insurance business, contracts of insurance -

- (a) upon vessels or aircraft, or upon the machinery, tackle, furniture or equipment of vessels or aircraft;
- (b) upon goods, merchandise or property of any description whatever on board vessels or aircraft;
- (c) upon the freight of, or any other interest in or relating to, vessels or aircraft;
- (d) against damage arising out of or in connection with the use of vessels or aircraft, including third-party risks;
- (e) against risks incidental to the construction, repair or docking of vessels, including third-party risks;
- (f) against transit risks, whether the transit is by sea, inland water, land or air, or partly one and partly another, including risks incidental to the transit

D

insured from the commencement of the transit to the ultimate destination covered by the insurance, but not including risks the insurance of which is motor vehicle insurance business; or

R

- (g) against any other risks the insurance of which is customarily undertaken in conjunction with or as incidental to any business referred to in the foregoing paragraphs of this definition;

“market deficiency” means in respect of any class of assets of registered insurer, on any date, the amount, if any, by which the aggregate of the book values on that date of the assets of the registered insurer in that class exceeds the aggregate of their market values on that date;

“market excess” means in respect of any class of assets of a registered insurer, on any date, the amount, if any, by which the aggregate of the market values on that date of the assets of the registered insurer in that class exceeds the aggregate of their book values on that date;

“medical or health service organization” means but is not limited to medical service plans, hospital service plans, health maintenance organizations, pre-paid limited health care service plans, dental, optometry and other similar health service plans;

“mortgage insurance” means insurance against loss caused by default on the part of a borrower

D

under a loan secured by a mortgage on real property, a hypothec on immovable property or an interest in real or immovable property;

"mortgage loan" means a loan made by or assigned to a registered insurer the repayment of which is secured by a mortgage on real property;

R

"motor insurance" means insurance against -

(a) liability arising out of -

(i) bodily injury to, or the death of, a person, or

(ii) the loss of, or damage to, property, caused by an automobile or the use or operation thereof; or

(b) the loss of, or damage to, an automobile and the loss of use thereof, and includes insurance coming within paragraph (a) of the definition of the class of accident and sickness insurance where the accident is caused by an automobile or the use or operation thereof, whether liability exists or not, if the contract also provides the insurance described in subparagraph (a) (i);

F

"non-admitted" in relation to an asset, means an asset or portion of an asset that is non-liquid, the value of which is uncertain, and that is not allowed by these regulations to be taken into account when assessing an insurance company's solvency margin;

"not in good standing" in respect of a loan, means a loan in respect of which -

D

- (a) any payment of principal or interest is 90 days or more overdue,
- (b) interest is not being accrued on the books of the lender because it is doubtful whether the principal or interest will be paid or recovered, or

R

- (c) the rate of interest is reduced by the lender because the borrower is financially weak;

“officer” or “senior officer” means -

- (a) in relation to a body corporate, a director of the body corporate who is a full-time employee of the body corporate, the chief executive officer, chief operating officer, president, vice-president, secretary, controller, treasurer, chief financial officer, chief accountant, chief auditor, chief actuary, and any other natural person designated as an officer of the body corporate by by-law or by resolution of the directors of the body corporate;

- (b) the head of the strategic planning unit of the body corporate;

- (c) the head of the unit of the body corporate that provides legal services or human resources services to the body corporate; or

- (d) in relation to any other entity, any natural person designated as an officer of the entity by by-law, by resolution of the members thereof, or otherwise;

D

“ordinary life insurance” means life insurance other than industrial life insurance;

“pecuniary loss insurance” means the business of effecting and carrying out contracts of insurance against any of the following risks, namely -

R

(a) risks of loss to the person insured arising from the insolvency of debtors of theirs or from the failure (otherwise than through insolvency) of debtors of theirs to pay their debts when due,

(b) risks of loss to the persons insured arising from their having to perform contracts of guarantee entered into by them,

(c) risks of loss to the persons insured attributable to their incurring unforeseen expense, and

(d) risks neither falling within any of the foregoing paragraphs nor being of a kind such that carrying on of the business effecting and carrying out contracts of insurance against them constitutes the carrying on of insurance business of some other class and excludes risks of loss to the persons insured attributable to interruptions of the carrying on of business carried on by them or to reductions of the scope of business so carried on;

“permanent health insurance” means insurance against risks of the persons insured

D

sustaining injury as the result of an accident or of an accident of a specified class or becoming incapacitated in consequence of disease or of disease of a specified class being contracts that -

R

- (a) are expressed to be in effect for a period of not less than five years or without limit of time, and
- (b) either are not expressed to be terminable by the insurer before the expiration of five (5) years from the taking effect thereof or are expressed

A to be so terminable before the expiration of that period only in special circumstances therein mentioned;

"perpetual bond" means a bond the terms of which do not require the repayment of the principal amount thereof at any fixed or determinable date, or otherwise than at the option of the borrower;

"personal liability insurance" means insurance against the legal liability of the insured and any member of the family of the insured normally residing with him to compensate third parties for any injury, illness, loss of or damage to property arising out of their private activities away from home;

"policy" means any written contract of insurance or reinsurance whether contained in one or more documents, and includes any annuity contract;

D

“product liability insurance” means insurance against liability incurred by manufacturers, repairers, or retailers arising out of -

(a) bodily injury to, or the death of, a person, or

R

(b) the loss of, or damage to, property, caused by products (including containers, packaging and labelling) made, sold or distributed by them;

“professional indemnity insurance” means insurance against legal liability towards third parties for injury, loss or damage, arising from a person’s own professional negligence, error or omission or that of his employees;

“property insurance” means the issue of, or the undertaking of liability pursuant to policies of insurance against loss or damage to real or personal property of every kind and interests therein, from any hazard or cause, or against loss consequential upon such loss or damage, not being risks the insurance of which is motor vehicle insurance business or marine, aviation and transit insurance business;

“public adjuster” means an adjuster appointed by an insured or claimant to assess and agree on the settlement of a claim under an insurance contract or policy;

“public liability insurance” means -

(a) insurance against legal liability arising out of -

(i) bodily injury to, or the death of, a person, or

D

(ii) the loss of, or damage to, property;
and

(b) includes insurance against expenses arising out of bodily injury to a person other than the insured or a member of the family of the insured, whether liability exists or not, if the insurance is included in a contract for the insurance described in paragraph (a), but

R

(c) does not include insurance coming within the class of aircraft insurance, automobile insurance, marine, engineering, product or employers' liability insurance;

A

"redeemable security" means a security, other than an equity asset, that is issued for a fixed term and is redeemable at the end of that term at a specified value;

"reinsurance ratio" means the inverse of the ratio of the total claims incurred by a registered insurer during the preceding twelve month period to the total of the amounts of the claims that the registered insurer has recovered and is entitled to recover from reinsurers, other than claims in respect of accident and sickness policies;

F

"security" means -

I

(a) in relation to a body corporate, a share of any class of shares of the body corporate or a debt obligation of the body corporate, and includes a warrant of the body corporate, but does not include a deposit with a financial institution

D

or any instrument evidencing such a deposit, and

- (b) in relation to any other entity, any ownership interest in or debt obligation of the entity;

R

"security interest" means an interest in or charge on property by way of mortgage, lien, pledge, or otherwise taken by a creditor or guarantor to secure the payment of performance of an obligation;

"service corporation" means, in relation to a company, a body corporate that engages exclusively in the provision of services to other companies;

"short-term mortgage loan" means, on any date, a mortgage loan the terms of which require the repayment in full of the principal amount thereof not later than five years from that date;

F

"short-term redeemable security" means, on any date, a redeemable security the terms of which require repayment in full of the principal amount thereof not later than five years from the date;

"sickness or health insurance" means -

I

- (a) insurance against loss resulting from the illness or disability of a person other than loss resulting from death,
- (b) insurance whereby an insurer undertakes to pay a certain sum or sums of money in the event of the illness or disability of a person, or

D

- (c) insurance against expenses incurred for vision or dental care, laboratory or x-ray services, hospitalization, other than for illness or disability arising out of an accident;

R

"significant borrower" in respect of a company, means -

- (a) a natural person who has indebtedness for money borrowed from the company or from an affiliate of the company, other than a loan secured by a mortgage on the principal residence of that person, the total principal of which exceeds the greater of -

A

- (i) \$200,000, and
- (ii) one fiftieth of one per cent of the regulatory capital of the company, or

- (b) an entity that has indebtedness for money borrowed from the company or from an affiliate of the company the total principal of which exceeds the greatest of -

F

- (i) \$500,000,
- (ii) one twentieth of one per cent of the regulatory capital of the company,

T

- (iii) twenty-five per cent of the value of the assets of the entity;

"significant interest" means a person has a significant interest in a class of shares of a company where the aggregate of -

- (a) any shares of that class beneficially

D

owned by the person, and

- (b) any shares of that class beneficially owned by entities controlled by the person exceeds 10 per cent of all the outstanding shares of that class of shares of the company.

R "subsidiary" means a body corporate that is controlled by another body corporate;

"surety insurance" means insurance whereby an insurer undertakes to guarantee -

- (a) the due performance of a contract or undertaking, or

A (b) the payment of a penalty or indemnity for any default, but does not include insurance coming within the class of credit insurance, credit protection insurance, or mortgage insurance;

"theft insurance" means insurance against the loss of, or damage to, property caused by theft, wrongful conversion, burglary, housebreaking or robbery, and includes insurance against loss caused by forgery;

"third party administrator" means a person who or which performs managerial and clerical functions for an insurer or on behalf of a group of insured individuals;

"third party liability insurance" means insurance against legal liability of the insured to pay in respect of death or bodily injury to, or damage to the property of, third parties;

"title insurance" means insurance against loss or damage caused by -

D

- (a) a defect in the title to real property,
- (b) the existence of a lien, encumbrance or servitude on real property,
- (c) a defect in the execution of a mortgage, hypothecate or deed of trust in respect of real property, or

R

- (d) any other matter affecting the title to real property or the right to the use and employment of real property;

“unit-linked insurance” means insurance provided by life insurance contracts but which includes benefits which are wholly or partly linked to the income from or the value of any group of the company’s assets or wholly or partly calculated by reference to the yield from or the value of any descriptions of investments, whether investments of those descriptions are held by the company or not;

“universal life insurance” means a flexible whole-life insurance policy that provides lifetime protection under a contract that separates the protection and savings components. The policy owner can vary the timing and amount of premium payments and earn interest in excess of the guaranteed crediting rate based on the investment performance of the insurer;

“variable life insurance business” means life insurance business under a policy the duration of which may vary, and under which the benefits payable to the policyholder are to be determined wholly or partly -

- (a) according to the investment experience

D

of a separate segregated account or accounts maintained by the insurer in respect of that policy or class of policy,

R

- (b) by reference to the value of or income from assets of any description allocated in the general accounts of the insurer in respect of that policy or class of policies whether or not it is specified in the policy, or

- (c) by reference to fluctuations in or in an index of the value of assets of any description whether or not it is specified in the policy;

A

“variable annuity business” means insurance business under a policy or contract which provides that the annuity benefits payable to the policy holder are to be determined wholly or partly -

- (a) according to the investment experience of a separate segregated account maintained by the insurer in respect of that policy or class of policy,
- (b) by reference to the value of, or income from assets of any description allocated in the general accounts of the insurer in respect of that policy or class of policy whether or not specified in the policy, or
- (c) by reference to fluctuations in or in an index of, the value of assets of any description whether or not specified in the policy;

F

I

D

“water damage insurance” means insurance against the loss of, or damage to, property caused by the escape of water or oil -

(a) from plumbing, heating or sprinkler or other fire protection equipment or system in a building, or

R

(b) from any water main or water pipe outside of a building;

“yield” means -

(a) in relation to a mortgage loan, the effective rate of interest that will be returned on the purchase price of the loan if the payments on account of principal and interest specified in the loan agreement are made up to and including the amortization date and any principal amount outstanding under the loan is then repaid,

A

(b) in relation to a redeemable security, the effective rate of interest that will be returned on the purchase price of the security if the payments on account of interest specified in the security are made up to and including the redemption date and the security is then redeemed at the specified value, the redemption date being, in the case of a security that is redeemable at more than one specified date, the specified date that gives the lowest effective rate of interest.

E

T

(2) An insurance company shall not engage in any

D

class of insurance business unless it is registered for that purpose pursuant to section 28 of the Insurance Act.

PART II

CORPORATE GOVERNANCE

R

This Part is in the exercise of the power conferred upon the Insurance Commission by section 233 of the Insurance Act and in pursuance of section 68 of the Act.

Affiliation
of natural
person.

3. For the purposes of Part II of these regulations, a natural person is affiliated with a company where the person -

- (a) is, or was at anytime in the past three years an officer, employee, attorney or external auditor of the company or of an affiliate of the company;
- (b) exercises voting control of 5% or more of the share capital of the company;
- (c) has a significant interest in a class of shares of the company;
- (d) has a substantial investment in an affiliate of the company;
- (e) is a significant borrower in respect of the company;
- (f) is an officer or employee of an entity that is a significant borrower in respect of the company;
- (g) controls one or more entities of which

D

the total indebtedness to the company or to an affiliate of the company would cause those entities, if treated as a single entity, to be a significant borrower of the company;

R

- (h) provides goods or services to the company, or is a partner or an employee in a partnership that provides goods or services to the company or an officer or employee of, or a person who has a substantial investment in, a body corporate that provides goods or services to the company, if the total annual billings to the company in respect of the goods and services provided exceeds ten per cent of the total annual billings of the person, partnership or body corporate, as the case may be;

- (i) has a loan that was obtained under special circumstances or conditions or that is not in good standing from the company, or from an affiliate of the company or is a director, an officer or an employee of, or a person who controls, an entity that has a loan that was obtained under special circumstances or conditions that is not in good standing from the company or from an affiliate of the company; or

- (j) is the parent, spouse or common law partner or child of a person described

D
Control.

in any of subparagraphs(a) to (i).

4. For the purposes of these regulations, a person has "control", of -

R

- (a) a body corporate, if securities of the body corporate to which are attached more than 50 per cent of the votes that may be cast to elect directors of the body corporate, are beneficially owned by the person and the votes attached to those securities are sufficient, if exercised, to elect a majority of the directors of the body corporate;
- (b) an unincorporated entity, other than a limited partnership, if more than 50 per cent of the ownership interests, however designated, into which the entity is divided are beneficially owned by that person and the person is able to direct the business and affairs of the entity;
- (c) a limited partnership, if the general partner controls the limited partnership; and
- (d) an entity, if the person has any direct or indirect influence that, if exercised, would result in control in fact of the entity.

Deemed
control.

5. For the purposes of these Regulations, a person is "deemed to control" of an entity where -

- (a) any entity that is controlled or deemed to be controlled by an entity is under the control of that person;
- (b) the aggregate of -

D

- (i) any securities of the entity that are beneficially owned by that person, and
- (ii) any securities of the entity that are beneficially owned by any entity controlled by that person

R

is such that, if that person and all of the entities referred to in subparagraph(b)(i) that beneficially own securities of the entity were one person, that person would control the entity.

Significant
interest.

- 6. For the purposes of these regulations -
 - (a) a person has a "significant interest" in a class of shares of a company where the aggregate of -
 - (i) any shares of that class beneficially owned by the person, and
 - (ii) any shares of that class beneficially owned by entities controlled by the person exceeds 10 per cent of all of the outstanding shares of that class of shares of the company.
 - (b) a person has an "increased significant interest" where that person, or any entity controlled by that person, has a significant interest in a class of shares of a company and increases that significant interest in the class of shares where the person or any entity controlled by that person -
 - (i) acquires beneficial ownership of additional shares of that class, or
 - (ii) acquires control of any entity that beneficially owns shares of that class, in

such number as to increase the percentage of shares of that class that are beneficially owned by the person and by any entities controlled by the person.

Acting in concert.

7.(1) For the purposes of this regulation, where two or more persons have agreed, pursuant to any agreement, commitment or understanding, whether formal or informal, verbal or written, to act jointly or in concert in respect of -

- (a) shares of a company that they beneficially own;
- (b) shares or ownership interests that they beneficially own of any entity that beneficially owns shares of a company; or
- (c) shares or ownership interests that they beneficially own of any entity that controls any entity that beneficially owns shares of a company,

those persons shall be deemed to be a single person who is acquiring beneficial ownership of the aggregate number of shares of the company or shares or ownership interests of the entity that are beneficially owned by them.

(2) Without limiting the generality of subparagraph (1), any agreement, commitment understanding by or between two or more persons who beneficially own shares of a company or shares or ownership interests of any entity referred to in paragraph (1) (b) or (c) -

- (a) whereby any of them or their nominees may veto any proposal put before the board of directors of the company; or
- (b) pursuant to which no proposal put before the board of directors of the company

D

may be approved except with the consent of any of them or their nominees, shall be deemed to be an agreement, commitment or understanding referred to in subparagraph (1).

Exception.
solely

8. For the purposes of paragraph 7, persons shall be presumed not to have agreed to act jointly or in concert

by reason of the fact that -

- (a) one is the proxyholder of one or more of the others in respect of shares or ownership Interests referred to in subparagraph(1)of regulation 7; or
- (b) they vote the voting rights attached to shares or ownership interests referred to in subparagraph(1) of regulation 7 in the same manner.

Designation.

9. Where in the opinion of the Superintendent it is reasonable to conclude that an agreement, commitment or understanding referred to in subparagraph (1) of regulation 7 and exists by or among two or more persons, the Superintendent may designate those persons as persons who have agreed to act jointly or in concert.

Substantial investment in a body corporate.

10. A person has a substantial investment in a body corporate where -

- (a) the voting rights attached to the aggregate of any voting shares of the body corporate beneficially owned by the person and by any entities controlled by the person exceed 10 per cent of the voting rights attached to all of the outstanding voting shares of the body corporate; or
- (b) the aggregate of any shares of the body

D

corporate beneficially owned by the person and by any entities controlled by the person represents ownership of greater than 25 per cent of the shareholders' equity of the body corporate.

Increasing substantial investment in a body corporate.

11. R A person who has a substantial investment in a body corporate pursuant to paragraph 6(a) increases that substantial investment when the person or any entity controlled by the person -

- (a) acquires beneficial ownership of additional voting shares of the body corporate in such number as to increase the percentage of voting rights attached to the aggregate of the voting shares of the body corporate beneficially owned by the person and by any entities controlled by the person; or
- (b) acquires control of any entity that beneficially owns any voting shares of the body corporate in such number as to increase the percentage of voting rights attached to the aggregate of the voting shares of the body corporate beneficially owned by the person and by any entities controlled by the person.

New substantial investment.

12. For greater certainty -

- (a) where a person has a substantial investment in a body corporate and the person, or any entity controlled by the person -
 - (i) purchases or otherwise acquires beneficial ownership of shares of the body corporate, or

D

R

- (ii) acquires control of any entity that beneficially owns shares of the body corporate, in such number as to cause the shareholders' equity of the body corporate represented by the aggregate of the shares of the body corporate beneficially owned by the person and by any entities controlled by the person to exceed 25 per cent of the shareholders' equity of the body corporate; or
- (b) where a person has a substantial investment in a body corporate and the person or any entity controlled by the person -
 - (i) purchases or otherwise acquires beneficial ownership of voting shares of the body corporate, or
 - (ii) acquires control of any entity that beneficially owns voting shares of the body corporate, in such number as to cause the voting rights attached to the aggregate of the voting shares beneficially owned by the person and by any entities controlled by the person to exceed 10 per cent of the voting rights attached to all of the outstanding voting shares of the company, the acquisition is deemed to cause the person to increase a substantial investment in the body corporate.

Substantial investment in unincor-

13. A person has a substantial investment in an unincorporated entity where the aggregate of any ownership interests, however designated, into which the entity is

porated
entity.

Increasing
substantial
investment
in unincor-
porated
entities.

divided, beneficially owned by the person and by any entities controlled by the person exceeds 25 per cent of all of the ownership interests into which the entity is divided.

14. A person who has a substantial investment in an unincorporated entity increases that substantial investment when the person or any entity controlled by the person:

- R (a) acquires beneficial ownership of additional ownership interests in the unincorporated entity in such number as to increase the percentage of ownership interests in the unincorporated entity beneficially owned by the person and by any entities controlled by the person; or
- (b) acquires control of any entity that beneficially owns ownership interests in the unincorporated entity in such number as to increase the percentage of ownership interests beneficially owned by the person and by any entities controlled by the person.

DIRECTORS AND OFFICERS

Duty to
manage.

15.(1) Subject to the Act and these Regulations, the directors of a company shall manage or ensure and supervise the competent management of the business and affairs of the registered insurance company.

(2) Without limiting the generality of subparagraph (1), the directors of a company shall -

- (a) appoint a chief executive with integrity, technical and managerial competence, and appropriate experience, and effectively

D

supervise and evaluate the performance of the chief executive and his management team;

- (b) establish an audit committee to perform the duties referred to in paragraph 21(2);
- (c) establish a conduct review committee to perform the duties referred to in paragraph 22(2);

R

- (d) establish a committee for the investment and lending policies, standards, and procedures in accordance with these regulations;
- (e) establish procedures to resolve conflicts of interest, including techniques for the identification of potential conflict situations and for restricting the use of confidential information;
- (f) designate a committee of the board of directors to monitor the procedures referred to in subparagraph (e);
- (g) in the case of a company that issues participating policies, establish, before issuing any participating policies or, in the case of an existing company, within six months after the coming into force of these Regulations, a policy for determining the dividends and bonuses to be paid to the participating policyholders;
- (h) establish procedures to provide disclosure of information to customers of the company that is required to be disclosed by the Act and for dealing with

D

complaints made by customers of the company;

R

- (i) designate a committee of the board of directors to monitor the procedures referred to in subparagraph (g) and satisfy itself that they are being adhered to by the company;
- (j) in the case of an existing life company, appoint the actuary of the company forthwith after the coming into force of these Regulations;
- (k) annually assess the effectiveness of its overall governance process and arrange to make changes as necessary; and
- (l) annually, within four months after the end of each calendar year, report to the Commission any material deficiencies and problems that were identified within the company, along with action plans and time tables for their corrections.

(3) Subparagraphs (2)(a)(b) and (c) do not apply to the directors of a company where -

- (a) all the voting shares of the company, other than directors' qualifying shares, if any, are beneficially owned by a financial institution recognized by the Commission;
- (b) there are no policyholders who are entitled to vote; and
- (c) the audit committee or the conduct review committee of the financial institution referred to in subparagraph (a) performs for and on behalf of the company all the

D

functions that would otherwise be required to be performed by the audit committee or conduct review committee of the company under these Regulations.

(4) A company, the directors of which establish or vary a dividend or bonus policy under subparagraph (2) (g) shall, within thirty days after the establishment or variation, send a copy of it to the Commission.

(5) The Commission may make Regulations governing the contents of a dividend or bonus policy established under subparagraph (2) (g) .

(6) Every director and officer of a company in exercising any of the powers of a director or an officer and discharging any of the duties of a director or an officer shall -

- (a) act honestly and in good faith with a view to the best interest of the company;
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances; and
- (c) manage the company in accordance with international standards of sound business and financial practice.

(7) Every director, officer and employee of a company shall comply with the Act, these Regulations, the company's incorporating instruments and the by-laws of the company.

No exculpation.

16. No provision in any contract, in any resolution or in the by-laws of a company relieves any director, officer or employee of the company from the duty to act in accordance with the Act and these Regulations or relieves a director, officer or employee from liability for a breach thereof.

D

DIRECTORS' QUALIFICATION AND NUMBER

Minimum
number of
directors.

17. A registered insurance company shall have at least five directors.

Residency
require-
ment.

18. R At least one half of the directors of a company that is a subsidiary of a foreign company and at least three quarters of the directors of any other company must be, at the time of each director's election or appointment, resident in The Bahamas.

Disqualified
persons.

19. The following persons are disqualified from being directors of a company -

- (a) A a person who is less than eighteen years of age;
- (b) a person who is of unsound mind and has been so found by a court in The Bahamas or else- where;
- (c) a person who has the status of a bankrupt; F
- (d) a person who is not a natural person;
- (e) a person who for whatever reason is prohibited from exercising the voting rights attached to shares of the company;
- (f) a person who is an officer, director or full time employee of an entity that is prohibited from exercising the voting rights attached to shares of the company;
- (g) a person who is an agent or employee of the government of The Bahamas;
- (h) a minister of the Government of The

D

Bahamas; and

- (i) a person who is an insurance agent or broker of the company.

Committees of the Board

Committee.

20. R The Board of Directors of an insurance company shall appoint from its members, an Audit Committee, a Conduct Review Committee, and an Investment Committee, and such other types as it may from time to time decide to establish, and, subject to certain restrictions, delegate to those committees such powers of the Board, and assign to them such duties as the Board considers appropriate.

Audit committee.

21. (1) The audit committee of a company shall consist of at least three directors, the majority of whom must be independent (i.e. not affiliated as per paragraph 3) and none of whom may be employees or officers of the company or of a subsidiary of the company.

(2) The duties of the audit committee shall be -

- (a) to review the annual statement of the company before the annual statement is approved by the directors;
- (b) to review such other returns of the company as the directors may require;
- (c) to require the management of the company to implement and maintain appropriate internal control procedures;
- (d) to review, evaluate and approve those procedures;
- (e) to review such investments and transactions that could adversely affect the well-being of the company as the auditor or any officer of

D

the company may bring to the attention of the committee;

(f) to meet with the auditor to discuss the annual statement and the returns and transactions referred to it;

R

(g) to meet with the actuary of the company to discuss the parts of the annual statement and the annual return prepared by the actuary;

(h) to meet with the chief internal auditor of the company, and with management, to discuss the effectiveness of the internal control procedures established for the company; and

(i) to call a meeting of the Board to discuss matters of concern.

A

Conduct review committee.

22. (1) The Conduct Review Committee of a company shall consist of at least three directors, the majority of whom must be independent (i.e. not affiliated as per paragraph 3) and none of whom may be employees or officers of the company or of a subsidiary of the company.

F

(2) The duties of the Conduct Review Committee shall be -

(a) to require the management of the company to establish procedures for complying with the rules on Transactions with related parties (self-dealing);

(b) to review those procedures; and

(c) to review the practices of the company to ensure that any transactions with related parties of the company that may have a material effect on the stability or solvency of the company are identified.

T

Investment

23. The Investment Committee sets the investment

committee.

investment strategies and policies, and oversees the investment portfolio of the registered insurer. It should monitor the investment results of the registered insurer and regularly review and revise its investment strategies in the light of changes in the market environment. It should also give due consideration to matching the assets of the registered insurer with its liabilities as appropriate.

INVESTMENT AND DISPOSITION OF COMPANY FUNDS

Investment and disposition.

24.(1)With regard to the investment and disposition of the funds of a registered insurance company, directors, officers and members of a committee that can exercise any authority over the investment or disposition of the funds of the company shall at all times comply with the relevant requirements of the Companies Act as they relate to the fiduciary duties owed to the company, and the declarations to be made of interests in material contracts.

(2)The board of directors of an insurance company is required to establish, and the company is required to adhere to, investment and lending policies, standards and procedures that a reasonable and prudent person would apply in respect of a portfolio of investments and loans to avoid undue risk of loss, and obtain a reasonable return.

Consideration

25.(1)Apart from the entitlement of dividends, no director or officer of the company, and no member of a committee that can exercise any authority over the investment or disposition of the funds of the company, shall either directly or indirectly accept any fee, brokerage, commission, gift or other consideration for or on account of any loan, deposit, purchase, sale, payment or exchange made

D

by or on behalf of the company, other than allowed for in these Regulations.

(2) Where the director or officer is a policyholder, he is entitled to all the benefits accruing to him under the terms of his contract.

Rate of
interest.

26. Where any purchase, sale, loan, deposit or other investment is made by or on behalf of the company with another company with which a director or an officer is affiliated, interest on the sale, loan or other investment shall be paid at a rate not lower, or higher as the case may be, than the prevailing commercial rate for a sale, loan, deposit or investment of a similar kind, size and term, as in accordance with normal business practice.

Borrowing
powers.

27. The directors of a registered insurer may exercise all the borrowing powers of the body corporate provided that at no time may the undischarged amount of monies to be borrowed or secured by the directors exceed five per centum of the assets of the body corporate without the written consent of the Commission. However, in the event of a catastrophic event occurring, a registered insurer may borrow in excess of 5%, but not to exceed the potential recoveries from reinsurance.

CONFLICTS OF INTEREST DISCLOSURES

T

Disclosure
of interest.

28. (1) A director or an officer of a company who

- (a) is a party to a material contract or proposed material contract with the company;
- (b) is a director or an officer of any entity that is a party to a material

D

contract or proposed material contract with the company; or

- (c) has a material interest in any person who is a party to a material contract or proposed material contract with the company, shall disclose in writing to the company or request to have entered in the minutes of the meetings of directors the nature and extent of that interest.

R

(2) The disclosure required by subparagraph (1) shall be made, in the case of a director -

- (a) at the meeting of directors at which a proposed contract is first considered;
- (b) if the director was not then interested in a proposed contract, at the first meeting after the director becomes so interested;
- (c) if the director becomes interested after a contract is made, at the first meeting after the director becomes so interested; or
- (d) if a person who is interested in a contract later becomes a director, at the first meeting after that person becomes a director.

(3) The disclosure required by subparagraph (1) shall be made, in the case of an officer who is not a director -

- (a) forthwith after the officer becomes aware that a proposed contract is to be considered or a contract has been considered at a meeting of directors;

T

D

- (b) if the officer becomes interested after a contract is made, forthwith after the officer becomes so interested; or
- (c) if a person who is interested in a contract later becomes an officer, forthwith after the person becomes an officer.

R

(4) If a material contract or proposed material contract is one that, in the ordinary course of business of the company, would not require approval by the directors or the shareholders and policyholders, a director or an officer referred to in subparagraph (1) shall disclose in writing to the company or request to have entered in the minutes of meetings of directors the nature and extent of the director's or officer's interest forthwith after the director or officer becomes aware of the contract or proposed contract.

(5) Where subparagraph (1) applies to a director in respect of a contract, the director shall not be present at any meeting of directors while the contract is being considered at the meeting or vote on any resolution to approve the contract unless the contract is -

- (a) an arrangement by way of security for money lent to or obligations undertaken by the director for the benefit of the company or a subsidiary of the company;
- (b) a contract relating primarily to the director's remuneration as a director or an officer, employee or agent of the company or a subsidiary of the company or an entity controlled by the company or an entity in which the company has a substantial investment;

D

- (c) a contract for indemnification of directors and officers, or for Directors' and Officers' insurance; or
- (d) a contract with an affiliate of the company.

(6) Any director who knowingly contravenes subparagraph (5) ceases to hold office as director and is not eligible, for a period of five years after the date on which the contravention occurred, for election or appointment as a director of any insurance company that is incorporated or formed in the jurisdiction.

(7) An act of the board of directors of a company or of a committee of directors is not invalid because a person acting as a director had ceased under subparagraph (6) to hold office as a director.

Continuing disclosure.

29. For the purposes of paragraph 28 (1), a general notice to the directors by a director or an officer declaring that the director or officer is a director or officer of an entity, or has a material interest in a person, and is to be regarded as interested in any contract made with that entity or person, is a sufficient declaration of interest in relation to any contract so made.

Avoidance standards.

30. A material contract between a company and one or more of its directors or officers, or between a company and another entity of which a director or an officer of the company is a director or an officer or between a company and a person in which the director or officer has a material interest, is neither void nor voidable -

- (a) by reason only of that relationship, or
- (b) by reason only that a director with an interest in the contract is 'present'

D

counted to determine the presence of a quorum at the meeting of directors that authorized the contract, if the director or officer disclosed the interest in accordance with paragraph 28 (2), (3) or (4) or paragraph 29 and the contract was approved by the directors or the shareholders and policyholders and it was reasonable and fair to the company at the time it was approved.

R

Application
to court.

31. Where a director or an officer of a company fails to disclose an interest in a material contract in accordance with paragraphs 28 and 29, a court may, on the application of the company, a shareholder of the company or a policyholder entitled to vote, set aside the contract on such terms as the court thinks fit.

SELF-DEALING OR RELATED PARTY TRANSACTIONS

E

Related party
of company.

32.(1) For the purposes of these Regulations, a person is a related party of a company where the person -

- (a) is a person who has a significant interest in a class of shares of the company;
- (b) is a director or senior officer of the company or of a body corporate that controls or is controlled by the company, or is acting in a similar capacity in respect of an unincorporated entity that controls or is controlled by the company;
- (c) is the parent, spouse, common-law partner, or a child who is less than

D

eighteen years of age, of a person described in subparagraph (a) or (b);

- (d) is an entity that is controlled by a person referred to in any of subparagraphs (a) to (c);
- (e) is an entity in which a person who controls the company has a substantial investment;
- (f) is an entity in which the parent, spouse, common-law partner, or a child who is less than eighteen years of age, of a person who controls the company has a substantial investment; or
- (g) is a person, or a member of a class of persons, designated under subparagraph (4) or (5) as, or deemed under subparagraph (6) to be, a related party of the company.

R

(2) If an entity in which a company has a substantial investment would, but for this subparagraph, be a related party of the company only because a person who controls the company controls the entity or has a substantial investment in the entity, and the person does not control the entity or have a substantial investment in the entity otherwise than through the person's controlling interest in the company, the entity is not a related party of the company.

(3) The holding body corporate of a company is deemed not to be a person referred to in subparagraph (1) (a) if the holding body corporate is a foreign company.

(4) For the purposes of these Regulations, the Commission may, with respect to a particular company, designate as a related party of the company -

D

(a) any person or class of persons whose direct or indirect interest in or relationship with the company or a related party of the company might reasonably be expected to affect the exercise of the best judgment of the company in respect of a transaction; or

R

(b) any person who is a party to any agreement, commitment or understanding and is acting in concert with the other parties to the agreement.

(5) Where a person is designated as a related party of a company pursuant to subparagraph (4), the Commission may also designate any entity in which the person has a substantial investment and any entity controlled by such an entity to be a related party of the company.

(6) Where, in contemplation of a person becoming a related party of a company, the company enters into a transaction with the person, the person is deemed for the purposes of these Regulations to be a related party of the company in respect of that transaction.

(7) The Commission may, by order, designate a class of non-voting shares of a company as exempt for the purpose of this subsection. If a class of non-voting shares of a company is so designated, a person is deemed, notwithstanding subparagraph (1) (a), not to be a related party of the company if the person would otherwise be a related party of the company only because the person has a significant interest in that class.

(8) For the purpose of determining whether an entity or a person has a substantial investment for the purposes of subparagraph (1) (e) or (f), the references to "control" and

D

"controlled" shall be construed as references to "control" and "controlled" within the meaning of paragraph 4.

(9) For the purposes of subparagraph (1) (d),

"controlled" means "controlled" within the meaning of paragraph 4.

Non-applic-
ation.

33. (1) This Part does not apply in respect of any transaction entered into prior to the coming into force of these Regulations but, after the coming into force of these Regulations, any modification of, addition to, or renewal or extension of a prior transaction is subject to this Part.

(2) This Part does not apply in respect of -

- (a) assets of a segregated fund where all the policies in respect of which the fund is maintained are held by one person or all the amounts in respect of which it is maintained are retained on the direction of one person;
- (b) the issue by the company of shares of any class when fully paid for in money or when issued:
 - (i) in accordance with any provisions for the conversion of other issued and outstanding securities of the company into shares of that class,
 - (ii) as a share dividend,
 - (iii) in exchange for shares of a body corporate that has been continued as a company under the Act,
 - (iv) in accordance with the terms of an amalgamation,
 - (v) by way of consideration in accordance with the terms of a sale agreement, or

D

(vi) with the approval in writing of the Commission, in exchange for shares of another body corporate;

(c) the payment of dividends or policy dividends or bonuses by a company; or

R

(d) transactions that consist of the payment or provision by a company to persons who are related parties of the company of salaries, fees, stock options, policy premiums, pension benefits, incentive benefits or other benefits or remuneration in their capacity as directors, officers or employees of the company.

A

(3) Nothing in subparagraph (2) (d) exempts from the application of this Part the payment by a company of fees or other remuneration to a person for (a) the provision of services referred to in paragraph 42 (1) (a) or (b) duties outside the ordinary course of business of the company.

E

(4) Where a holding body corporate of a company is not a related party of the company, any entity in which the holding body corporate has a substantial investment is not a related party of the company if no related party of the company has a substantial investment in the entity otherwise than through the control of the holding body corporate.

T

Meaning of "transaction."

34. For the purposes of these Regulations, entering into a transaction with a related party of a company includes -

(a) making a guarantee on behalf of the related party;

(b) making an investment in any securities of the related party;

D

- (c) taking an assignment of or otherwise acquiring a loan made by a third party to the related party;
- (d) taking a security interest in the securities of the related party; and

R

- (e) causing the company to be reinsured by the related party against any risk undertaken by the company.

(2) For the purposes of these Regulations, the fulfilment of an obligation under the terms of any transaction, including the payment of interest on a loan or deposit and the making of a payment or an advance under a policy, is part of the transaction, and not a separate transaction.

A

(3) For the purposes of these Regulations, "loan" includes a deposit, a financial lease, a conditional sales contract, a repurchase agreement and any other similar arrangement for obtaining funds or credit, but does not include investments in securities or the making of an acceptance, endorsement or other guarantee.

E

PROHIBITED RELATED PARTY TRANSACTIONS

Prohibited
transaction.

35. (1) Except as provided in these Regulations, a company shall not, directly or indirectly, enter into any transaction with a related party of the company.

T

(2) Without limiting the generality of subparagraph (1), a company is deemed to have indirectly entered into a transaction in respect of which these Regulations apply where the transaction is entered into by an entity that is controlled by the company.

D

(3) Subparagraph (2) does not apply in respect of transactions entered into by an entity that is controlled by a company if the transaction is a prescribed transaction or is one of a class of prescribed transactions.

(4) A company shall not be deemed to have entered into a transaction indirectly if it is entered into by a service corporation that it controls and is on terms and conditions at least as favourable as market terms and conditions.

Permitted Related Party Transactions

Nominal

value

transaction.

36. Notwithstanding anything in these Regulations, a company may enter into a transaction with a related party of the company if the value of the transaction is nominal or immaterial to the company when measured by criteria that have been established by the conduct review committee of the company and approved in writing by the Commission.

Reinsurance.

37. (1) A company may, subject to subparagraph (2), cause itself to be reinsured by a related party of the company against any risk undertaken by the company.

(2) A company may cause itself to be reinsured by a related party of the company that is not a company or a foreign company only with the approval of the Commission.

Risks of

related

party.

38. A company may, with the prior written approval of the Commission, reinsure any risks undertaken by a related party of the company.

Secured

loans.

39. A company may make a loan to or a guarantee on behalf of a related party of the company or take an assignment of or otherwise acquire a loan to a related party of the company if -

D

(a) the loan or guarantee is fully secured by securities of or guaranteed by the Government of The Bahamas; or

(b) the loan is made to a related party who is a natural person on the security of a mortgage of the principal residence of that related party, and does not exceed 80 per cent of the value of the property at the time of the loan.

R

Borrowing,
etc., from
related
party.

40.(1)A company may borrow money from or issue debt obligations to a related party of the company.

(2)A company may issue policies to a related party of the company or accept or retain on the direction of a policyholder or beneficiary who is a related party amounts that are payable as -

(a) policy dividends or bonuses; or

(b) policy proceeds on the surrender or maturity of the policy or on the death of the person whose life is insured,

where the liabilities of the company in respect of the policies or the amounts accepted or retained vary in amount depending on the market value of a specified group of assets.

Acquisition
of assets.

41.(1)A company may purchase or otherwise acquire from a related party of the company

(a) securities of or guaranteed by the Government of The Bahamas;

(b) assets fully secured by securities of or guaranteed by the Government of The Bahamas; or

(c) goods for use in the ordinary course of business.

D

(2) A company may sell any assets of the company to a related party of the company if the value of the assets, plus the total value of all assets of the company directly or indirectly acquired from, or directly or indirectly transferred to the related party in the past twelve months, is less than ten per cent of the total value of the assets of the company as shown in the last annual financial statement of the company -

- (a) the consideration for the assets is fully paid in money; and
- (b) there is an active market for those assets.

(3) Notwithstanding any of the provisions of subparagraphs (1) and (2), a company may, in the normal course of business and pursuant to arrangements that have been approved by the Commission in writing, acquire or dispose of any assets, other than real property, from or to a related party of the company that is a financial institution.

(4) Notwithstanding any of the provisions of subparagraphs (1) and (2), a company may acquire any assets from, or dispose of any assets to, a related party of the company as part of, or in the course of, a restructuring, if the acquisition or disposition has been approved in writing by the Commission.

(5) A company may lease assets if the lease payments are made in money -

- (a) from a related party of the company for use in the ordinary course of business of the company, or
- (b) to a related party of the company.

Services. **D**

42.(1) A company may enter into a transaction with a related party of the company if the transaction -

- (a) subject to subparagraph (2), consists of a written contract for the purchase by the company of services used in the ordinary course of business;
- R** (b) subject to subparagraph (4), involves the provision of services normally offered to the public by the company in the ordinary course of business;
- (c) consists of a written contract with a financial institution or an entity in **A** which the company is permitted to have a substantial investment that is a related party of the company -
 - (i) for the networking of any services provided by the company or the financial institution or entity, or
 - F** (ii) for the referral of any person by the company to the financial institution or entity, or for the referral of any person by the financial institution or entity to the company;
- (d) consists of a written contract for such pension or benefit plans or their management or administration **I** as are incidental to directorships or to the employment of officers or employees of the company or its subsidiaries; or
- (e) involves the provision by the company of management, advisory, accounting, information processing or other services

D

in relation to any business of the related party.

(2) Where a company has entered into a contract pursuant to subparagraph (1) (a) and the contract, when taken together with all other such contracts entered into by the company, results in all or substantially all of the management functions of the company being exercised by persons who are not employees of the company, the Commission may, by order, if the Commission considers that result to be inappropriate, require the company, within such time as may be specified in the order, to take all steps necessary to ensure that management functions that are integral to the carrying on of business by the company are exercised by employees of the company to the extent specified in the order.

(3) Notwithstanding paragraph 35(2), a company is deemed not to have indirectly entered into a transaction in respect of which these Regulations apply if the transaction is entered into by a service corporation that is controlled by the company and the transaction is on terms and conditions at least as favourable to the company as market terms and conditions, as defined in paragraph 48(2).

(4) The provision of services, for the purposes of subparagraph (1) (b), does not include the making of loans or guarantees.

Directors
and officers
and their
interests.

43. (1) Subject to subparagraph (2) and paragraphs 44 and 45, a company may enter into any transaction with a related party of the company if the related party is -

- (a) a natural person who is a related party of the company only because the person is -

D

(i) a director or senior officer of the company or of an entity that controls the company, or

(ii) the parent, spouse, common-law partner, or a child who is less than eighteen years of age, of a director or senior officer of the company or of an entity that controls the company; or

R

(b) an entity that is a related party of the company only because the entity is controlled by -

(i) a director or senior officer of the company or of an entity that controls the company, or

(ii) the parent, spouse, common-law partner, or a child who is less than eighteen years of age, of a director or senior officer referred to in subparagraph (i).

(2) A company may, with respect to a related party of the company referred to in subparagraph (1) who is a full-time senior officer of the company, make, take an assignment of or otherwise acquire a loan to the related party only if the aggregate principal amount of all outstanding loans to the related party that are held by the company and its subsidiaries, together with the principal amount of the proposed loan, does not exceed the greater of twice the annual salary of the related party and \$100,000.

(3) Subparagraph (2) does not apply in respect of -

(a) loans referred to in paragraph 39(b), and

(b) margin loans referred to in paragraph 45, and the amount of any such loans to a related

E

T

D

party of a company shall not be included in determining, for the purposes of subparagraph (2), the aggregate principal amount of all outstanding loans made by the company to the related party.

(4) Notwithstanding paragraph 48, a company may make a loan, other than a margin loan, to a senior officer of the company on terms and conditions more favourable to the officer than market terms and conditions, as defined in paragraph 48 (2), if the terms and conditions of the loan have been approved by the conduct review committee of the company.

(5) Notwithstanding paragraph 48, a company may make a loan referred to in paragraph 39(b) to the parent, spouse or common-law partner of a senior officer of the company on terms and conditions more favourable than market terms and conditions, as defined in paragraph 48(2), if the terms and conditions of the loan have been approved by the conduct review committee of the company.

(6) Notwithstanding paragraph 48, a company may offer financial services, other than loans or guarantees, to a senior officer of the company, or to the parent, spouse, common-law partner, or a child who is less than eighteen years of age, of a senior officer of the company, on terms and conditions more favourable than market terms and conditions, as defined in subparagraph 48(2), if -

- (a) the financial services are offered by the company to employees of the company on those favourable terms and conditions; and
- (b) the conduct review committee of the company has approved the practice of making those financial services available on those

D

favourable terms and conditions to senior officers of the company or to the parents, spouses, common-law partners, or the children under eighteen years of age, of senior officers of the company.

Board approval required.

44.(1) Except with the concurrence of at least two thirds of the directors present at a meeting of the board of directors of the company, a company shall not, with respect to a related party of the company referred to in paragraph 43 (1) -

- (a) make, take an assignment of or otherwise acquire a loan to the related party, including a margin loan referred to in paragraph 43;
- (b) make a guarantee on behalf of the related party, or
- (c) make an investment in the securities of the related party if,

immediately following the transaction, the aggregate of:

- (i) the principal amount of all outstanding loans to the related party that are held by the company and its subsidiaries, other than loans referred to in paragraph 39 (b), and if the related party is a full-time senior officer of the company, loans to the related party that are permitted by subparagraph 43 (2);
- (ii) the sum of all outstanding amounts guaranteed by the company and its subsidiaries on behalf of the related party, and
- (iii) where the related party is an entity,

D

the book value of all investments by the company and its subsidiaries in the securities of the entity, would exceed 2 per cent of the regulatory capital of the company.

(2) A company shall not, with respect to a related party of the company referred to in subparagraph 43(1)-

- R (a) make, take an assignment of or otherwise acquire a loan to the related party, including a margin loan referred to in paragraph 45;
- (b) make a guarantee on behalf of the related party; or
- (c) make an investment in the securities of the related party if,

immediately following the transaction, the aggregate of:

- (i) the principal amount of all outstanding loans to all related parties of the company referred to in paragraph 43 (1) that are held by the company and its subsidiaries, other than loans referred to in paragraph 39, and loans permitted by subparagraph 43(2),
- (ii) the sum of all outstanding amounts guaranteed by the company and its subsidiaries on behalf of all related parties of the company referred to in subparagraph 43(1); and
- (iii) the book value of all investments by the company and its subsidiaries in the securities of all entities that are related parties of the company referred to in subparagraph 43(1),
- F T

D

would exceed 50 per cent of the regulatory capital of the company.

(3) Loans, guarantees and investments that are referred to in paragraph 36 shall not be included in calculating the aggregate of loans, guarantees and investments referred to in subparagraphs (1) and (2).

Margin
loans.

45. R The Commission may establish terms and conditions with respect to the making by a company of margin loans to any director or senior officer of the company.

Exemption
by order.

46. (1) A company may enter into a transaction with a related party of the company if the Commission, by order, has exempted the transaction from the provisions of paragraph 35.

(2) The Commission shall not make an order referred to in subparagraph (1) unless the Commission is satisfied that the decision of the company to enter into the transaction has not been and is not likely to be influenced in any significant way by a related party of the company and does not involve in any significant way the interests of a related party of the company.

Prescribed
transaction.

47. A company may enter into a transaction with a related party of the company if the transaction is a prescribed transaction or one of a class of prescribed transactions.

Restrictions on Permitted Transactions

Market
terms and
conditions.

48. (1) Except as provided in paragraphs 43(4) to (6), any transaction entered into with a related party of the company shall be on terms and conditions that are at least as favourable to the company as market terms and conditions.

(2) For the purposes of subparagraph (1), "market terms and conditions" means -

D

(a) in respect of a service or a loan facility offered to the public by the company in the ordinary course of business, terms and conditions that are no more or less favourable than those offered to the public by the company in the ordinary course of business; and

R

(b) in respect of any other transaction, terms and conditions, including those relating to price, rent or interest rate, that might reasonably be expected to apply in a similar transaction in an open market under conditions requisite to a fair transaction between parties who are at arm's length and acting prudently, knowledgeably and willingly.

Disclosure

F

Company
obligation.

49.(1) Where, in respect of any proposed transaction permitted by this Part, other than those referred to in paragraph 36, a company has reason to believe that the other party to the transaction is a related party of the company, the company shall take all reasonable steps to obtain from the other party full disclosure, in writing, of any interest or relationship, direct or indirect, that would make the other party a related party of the company.

T

(2) A company and any person who is a director or an officer, employee or agent of the company may rely on any information contained in any disclosure received by the company pursuant to subparagraph (1) or any information otherwise acquired in respect of any matter that might be the

D

subject of such a disclosure and no action lies against the company or any such person for anything done or omitted in good faith in reliance on any such information.

Notice to
Commission.

50. If a company has entered into a transaction that the company is prohibited by this Part from entering into, or a company has entered into a transaction for which approval is required under subparagraph 44 without having obtained the approval, the company shall, on becoming aware of that fact, notify the Commission without delay.

Remedial Actions

Voidable
contracts.

51. (1) Where a company enters into a transaction that it is prohibited from entering into by these Regulations, the company or the Commission may apply to a court for an order setting aside the transaction and directing that the related party of the company involved in the transaction account to the company for any profit or gain realized.

(2) On an application to a court under subsection (1), the court may make such order as it thinks fit, including an order for compensation for any loss or damage incurred by the company.

(3) An application under subsection (1) in respect of a particular transaction may only be made within the period of three months following the day the notice referred to in paragraph 50 in respect of the transaction is given to the Commission.

D

SHARES OF COMPANY, PARENT OR SUBSIDIARY

Holding of
own shares.
Ch.308.

52. Except as provided in sections 36 to 40, of the Companies Act, or unless permitted by the Regulations, a company shall not -

- R
- (a) hold shares of the company or of any body corporate that controls the company;
 - (b) hold any ownership interests of any unincorporated entity that controls the company;
 - (c) permit any of its subsidiaries to hold any shares of the company or of any body corporate that controls the company; or
 - (d) permit any of its subsidiaries to hold any ownership interests of any unincorporated entity that controls the company.

Purchase and
redemption
of shares.

53.(1) Subject to subparagraph (2) and to its bylaws a company may, with the consent of the Commission, purchase, for the purpose of cancellation, any shares issued by it, or redeem any redeemable shares issued by it at prices not exceeding the redemption price thereof calculated according to a formula stated in its by-laws or the conditions attaching to the shares.

(2) A company shall not make any payment to purchase or redeem any shares issued by it if there are reasonable grounds for believing that the company is, or the payment would cause the company to be, in contravention of any regulation or any direction made by the Commission.

(3) A company may accept from any shareholder a share of the company surrendered to it as a gift, but may not extinguish or reduce a liability in respect of an amount

D
 Holding as
 personal
 represent-
 ative.

unpaid on any such share except in accordance with an Act of Parliament or provisions approved by the Commission.

54.(1)A company may, and may permit its subsidiaries to, hold, in the capacity of a personal representative, shares of the company or of any body corporate that controls the company or ownership interests in any unincorporated entity that controls the company, but only where the company or the subsidiary does not have beneficial interest in the shares or ownership interests.

(2)A company may, and may permit its subsidiaries to, by way of security interest -

(a) hold shares of the company or of any body corporate that controls the company, or

(b) hold any ownership interests of any entity that controls the company,

where the security interest is nominal or immaterial when measured by criteria established by the company that have been approved in writing by the Commission.

(3)Nothing in subparagraph (2) precludes a company or any of its subsidiaries from holding any security interest held immediately prior to the coming into force of these Regulations.

Holding
 of shares.

55. A company may, with the Commission's approval, hold shares of the company or shares or ownership interests of an entity that controls the company, where -

(a) the shares or ownership interests are assets of a fund maintained by the company; and

(b) the assets of the fund reflect the securities upon which a generally recognized market index is based and the weighting of those securities in that

index.

D
Cancellation
of shares.

56.(1) Subject to subparagraph (2), where a company purchases shares of the company or fractions thereof or redeems or otherwise acquires shares of the company, the company shall cancel those shares.

(2) Where a company or any of its subsidiaries, through the realization of security, acquires any shares of the company or of any body corporate that controls the company or any ownership interests in an unincorporated entity that controls the company, the company shall, or shall cause its subsidiaries to, as the case may be, within six months after the day of the realization, sell or otherwise dispose of the shares or ownership interests.

R
Subsidiary
holding
shares.

57. Subject to these Regulations, a company shall cause any subsidiary of the company that holds shares of the company, or of any body corporate that controls the company, or any ownership interests of any unincorporated entity that controls the company to sell or otherwise dispose of those shares or ownership interests within six months after the day this regulation comes into force.

PART III

CAPITAL REQUIREMENTS, DEPOSIT OF ASSETS, SOLVENCY AND RESERVES

T
This Part is in the exercise of the power conferred upon the Insurance Commission by section 233 of the Insurance Act and in pursuance of sections 25, 43, 45 and 78 of the Act.

Natural
person and
affiliation

58. For the purpose of this Part, a natural person is affiliated with a company as specified in paragraph 3.

with **D**
company.

References.

59. Reference -

R

- (a) with respect to a registered foreign insurer, to an asset or to class of assets of a registered insurer shall be construed as a reference to an asset, or to the assets, of that class, included in the assets in The Bahamas of the registered foreign insurer; and
- (b) to the date on which an asset was acquired or purchased by a registered insurer shall be construed as a reference to the most recent date on which the asset was deposited with the Commission or vested in trust under and for the purposes of the Act.

SHARE CAPITAL

F

Share
capital
registra-
tion.

60.(1) Subject to sub-paragraph (5), no company may be registered to carry on in The Bahamas -

- (a) long-term insurance business unless it has a minimum paid-up and unencumbered share capital of not less than three million dollars;
- (b) general insurance **T** business unless it has a minimum paid-up and unencumbered share capital of not less than two million dollars;
- (c) industrial life insurance business only unless it has a minimum paid-up share capital of not less than one million dollars; and

D

- (d) any other insurance business, unless it has a minimum paid-up share capital of such amount as the Commission determines, or an equivalent sum in other currency approved by the Commission, the capital to be fully paid up in cash.

R

(2) In addition to the amounts specified in subparagraph (1) the company may be required to have additional funding in the form of contributed surplus so that start-up expenses will not impair the initial capital. The amount of such contributed surplus shall be determined by the Commission.

A

(3) No foreign company may be registered to carry on long-term or general insurance business in The Bahamas unless, in addition to complying with subparagraph (1), it has deposited with the Commission the deposits required under paragraph 62.

F

(4) Subject to subparagraph (5), subparagraph (1) shall not apply to an insurance company that is a mutual insurance company.

T

(5) No company shall be registered as a mutual insurance company unless it has minimum reserves of not less than those amounts required of companies with paid-up share capital.

(6) Subparagraph (1) shall not apply to a company registered pursuant to the repealed Insurance Act immediately

D

prior to the coming into force of the Act, but shall apply in accordance with section 235 of the Act, so long as the time limit for compliance does not exceed 3 years.

DEPOSIT OF ASSETS

R

Deposit
of
assets.

61. An insurance company may be required under sections 25 and 43 of the Act to deposit assets with the Commission or invest any monies standing to the credit of its funds in the assets or securities set out in paragraph 63, subject to the restrictions set out in paragraphs 80 and 81.

Initial
deposit
required to
carry on
insurance
business.

62. The minimum assets required to be deposited with the Commission by a registered insurer from commencement of operations in or from within The Bahamas shall be -

- (a) in respect of an entity which proposes to carry on life and/or health insurance business, two million dollars;
- (b) in respect of an entity which proposes to carry on property and casualty insurance business, one million dollars; and
- (c) in respect of an entity which proposes not to write any new business, five hundred thousand dollars.

Deposits to
be placed
in trust.

63. Pursuant to Section 43(2) of the Act, the deposits referred to in paragraph 62 shall be placed in a trust to be held by a licenced Financial Institution in The Bahamas approved by the Commission.

Method of
creating
trust.

64. (1) A trust referred to in paragraph 63 shall be created by a trust deed, the contents and the trustee of which shall be approved by the Commission before the trust is created.

(2) A trustee may not deal with any assets held in trust by him under this section without the prior general or specific approval of the Commission.

Changes in
amount of
deposit.

65. The Commission may require the deposit referred to in amount of sections 25 and 43 of the Act and paragraph 62 to be increased, decreased, or otherwise changed, either before or after granting the licence, to such amount as it considers necessary, and for this purpose the Commission may require a re-insurer that reinsures all or part of the insurer's business to deposit balances owing to the insurer with the Commission.

Excess
deposit.

66. An insurer may voluntarily make a deposit in excess of the amount prescribed, but no part of a voluntary deposit shall be withdrawn without the sanction of the Commission.

Nature of
assets to
be deposited.

67. The assets which a registered insurer is required to deposit with the Commission shall consist of -

- (a) cash;
- (b) unencumbered securities of, or guaranteed by, the Government;
- (c) other securities, at an accepted value and on the conditions established by the Commission; or
- (d) letters of credit provided by a recognized bank; and
- (e) any combination of the above.

Value at
which

68. The value of such securities shall be estimate at their market value, not exceeding par, at the time they are

securities
received.

deposited. For securities without a par value, the cost value to the company is to be used.

ADMISSIBLE ASSETS AND SECURITIES

Percentage
of admiss-
ible assets
on general
insurance
business.

69. Of the value of the discounted assets which an insurer carrying on general business must at any time have in order to maintain the minimum margin of solvency which that insurer is required by the Act to maintain in respect of general business, at least seventy-five percent shall be in the form of admissible assets.

Percentage
of admiss-
ible assets
on long term
business.

70. Of the value of the discounted assets which an insurer carrying on long term business must at any time have in order to maintain the minimum margin of solvency which that insurer is required by the Act to maintain in respect of long-term business, at least twenty-five percent shall be in the form of admissible assets.

Admissible
Assets.

71. For the purpose of these regulations admissible assets are, subject to paragraphs 80, 81 and 82 -

- (a) cash in hand and on deposit at a bank;
- (b) bank certificates of deposits;
- (c) government bonds;
- (d) government guaranteed bonds or securities approved by the Commission;
- (e) securities quoted on a recognized securities exchange and/or preferred shares issued by a company approved by the Commission;
- (f) loans by way of mortgages on real estate;
- (g) net investment income due and accrued;
- (h) premiums receivable;
- (i) reinsurance balances receivable;

D

- (j) accounts receivable net of provisions for bad and doubtful debts;
- (k) land and buildings; and
- (l) irrevocable letters of credit provided by a recognized bank, for such amount and on such conditions as approved by the Commission.

Inadmissible
asset.

R 72. An amount receivable or balance due from a person with whom an insurer is affiliated, is not an admissible asset of that insurer unless in any particular case the Commission consents in writing to its being regarded as such.

Discounted
value
assets.

A 73. For the purposes of this Part and for Solvency or reduced requirements, discounted assets and the reduced value assigned to them by the superintendent are -

- (a) Goodwill and other intangible assets (100% discount);
- (b) Deferred acquisition costs (100% discount);
- (c) Non-performing mortgage loans overdue for 90 days or more (0 - 20% discount);
- (d) Furniture and fixtures (0 - 85% discount);
- (e) Equipment (0 - 50% discount) of the net value;
- (f) Computer software (100% discount);
- (g) Ordinary shares of private, un-audited corporations (100%

F
T

D

discount);

- (h) Agents debit balances (0 - 100% discount depending on provisions made in the balance sheet);
- (i) Bills receivable that are not properly secured by collateral (100% discount);
- (j) Other prepaid expenses (100% discount);
- (k) Unsecured cash advances to or in the hands of officers or agents (100% discount);
- (l) Outstanding premiums that are more than one modal past due (100% discount)
- (m) All NSF, Post Dated, Payment Stopped or otherwise non-bankable cheques (100% discount);
- (n) non-arms-length transactions with affiliates (0 - 75% discount);
- (o) Accounts receivable (0-50 % discount);
- (p) Investment assets (other than mortgages) representing more than 60% of total investments (5 - 25% discount); and
- (q) Mortgages representing more than 80% of total investments (5 - 25% discount).

R

A

F

T

Solvency
margins.

74. Notwithstanding anything to the contrary contained in these regulations, and after relevant consultations, the Commission may, upon giving at least six months notice,

D

adjust, or otherwise change the nature and manner of determining the solvency margins required by this part.

VESTING OF ASSETS

Vesting
of
assets.

75. (1) Pursuant to section 45 of the Act and subject to paragraphs 76, 77 and 78, a registered insurer shall, in respect of the insuring of risks that fall within the classes of motor, property and long-term insurance business, vest assets in trust the total value of which when determined on the basis provided for in subsections (4) and (5) of section 45 of the Act or on the basis of the market value of those assets, is at least equal to the total of -

- (a) the amount of the reserve for actuarial and other policy liabilities of the registered insurer in respect of that class, determined on the same basis as the reserve included in the annual return of the registered insurer; or
- (b) the total amount of the other liabilities of the registered insurer in respect of that class.

(2) The assets required to be placed in Trust are to be held by a licenced financial institution in The Bahamas that is approved by the Commission.

(3) Trustees are to be appointed by the registered company with the prior approval of the Commission.

Unearned

76. For the purposes of the calculations in

premiums.

paragraph 75 -

(a) where a registered insurer has issued policies on the premium note system, unearned assessments levied in respect of outstanding premium notes held by the registered insurer shall be considered to be unearned premiums; and

R

(b) unearned premiums shall be calculated on a pro rata basis as at the date of the annual return, except that, where the risk insured and the amount of insurance are not substantially uniform over the term of the policy, the unearned premium shall be calculated in such a manner as the Commission may, by directive, determine.

Reduction
due to re-
insurance.

77.(1) Subject to subparagraph (2), where a registered insurer is reinsured in whole or in part against risks undertaken or claims payable in respect of a policy or group of policies, the aggregate of the amounts referred to in paragraph 75 may be reduced by subtracting therefrom an amount not exceeding 75% of the aggregate of the portions thereof that may reasonably be considered to apply to the portion of the risks or claims that is reinsured.

(2) Where a re-insurer is not authorised under the Act to insure risks and is incorporated elsewhere than in The Bahamas, a reduction under sub-paragraph (1) may be made only if -

(a) the Commission has determined, by directive, that the financial condition of the re-insurer is satisfactory and that

D

its operations are conducted in accordance with sound business and financial practices; and

- (b) security is maintained in The Bahamas, in respect of the potential liabilities of the re-insurer, in an amount, of a nature and under arrangements that are determined by the Commission, by directive, to be satisfactory.

R

Additional
reductions.

78. The total value of assets required under paragraph 75 to be vested may be further reduced by -

- (a) any assets deposited with the Commission pursuant to Section 43 of the Act;
- (b) any reinsurance amount as presented in paragraph 77;
- (c) any amounts that are receivable from agents and policyholders of the registered insurer in respect of policies in force, as may be determined by the Commission by directive; and
- (d) in connection with risks insured outside The Bahamas, any assets required by an insurance supervisory authority in a foreign jurisdiction to be deposited, vested, pledged, or otherwise dedicated or encumbered in connection with any such business.

Letter of
credit in
lieu.

79. The Commission may, by directive, allow a registered insurer to reduce the total value of assets required to be vested pursuant to paragraph 75 by the amount of a letter of credit drawn on a bank, up to a maximum

D
Restrictions
on vesting.

reduction of fifteen per cent of the total value.

80. A registered insurer shall not vest in trust-
- (a) interests in real property in excess of fifteen percent of the total assets vested in trust; or
 - R** (b) equity interests in entities in excess of twenty-five percent of the total assets vested in trust.

Further
restric-
tions on
what may be
deposited
or vested.

81. A registered insurer may not deposit or vest in trust -
- (a) securities issued by or debt obligations of the insurer or of any of its affiliates;
 - (b) real property, or ground rents or mortgages on real property situated outside The Bahamas;
 - (c) any non-marketable shares or ownership interests or securities which may be held in any other entity;
 - (d) interests in real property or equity interests in entities which exceed such percentage of the total assets vested in trust as may be prescribed or by a directive of the Commission; or
 - (e) such other assets as the Commission may direct pursuant to paragraph 79.

Additional
restrictions.

82. Notwithstanding anything to the contrary contained in these regulations, the Commission may impose additional restriction on -

D

- (a) the types of assets which may be vested in trust;
- (b) the total accepted value of particular assets or classes of assets; and
- (c) the place of investments.

Application
to regis-
tered
foreign
insurers.

83. Paragraphs 69 to 82 inclusive, shall apply, mutatis mutandis, to the insurance business in The Bahamas of a registered foreign insurer.

VALUATION OF ASSETS AND INVESTMENTS

Amortized
value of
mortgage
loans.

84.(1) Subject to subparagraph (3), for the purpose of these regulations the amortized value of a mortgage loan payable to a registered insurer, on any date after the date of its acquisition by the registered insurer and before its amortization date, shall, at the option of the registered insurer, be deemed to be -

- (a) the value so determined that if the loan were acquired on that date and at that value, the yield would be the same as the yield with reference to the purchase price of the loan; or
- (b) the value determined by adding -
 - (i) the principal amount outstanding under the loan on that date; and
 - (ii) the product of -

D

(aa) an amount equal to the purchase price of the loan less the principal amount outstanding under the loan on the date of its acquisition by the registered insurer; and

R

(bb) the proportion that the period from that date to the amortization date of the loan bears to the period from the date of acquisition of the loan by the registered insurer to its amortization date.

(2) For the purposes of these regulations, the amortized value of a mortgage loan payable to a registered insurer, on any date on or after its amortization date, shall be deemed to be an amount equal to the principal amount outstanding under the loan on that date.

(3) A registered insurer shall deem the amortized value, on any subsequent date, of any mortgage loan payable to the registered insurer to be the value determined by the same method set out in subparagraph 1(a) or (b), unless it obtains the written approval of the Commission to use an alternative method.

Purchase price of asset.

85.(1) For the purposes of these regulations, the purchase price of an asset of a registered insurer, where the market value of the asset on the date of its acquisition by the registered insurer is readily ascertainable, shall be deemed to be an amount equal to -

(a) the amount advanced for the asset, in the case of an asset that is a mortgage

D

- loan payable to the registered insurer;
- (b) the cost of acquisition of the asset, in the case of any other asset of the registered insurer; or
- (c) the current quoted market value, in the case of marketable securities.

R

(2) For the purposes of these regulations, the purchase price of an asset of a registered insurer where the amount advanced for, or the cost of acquisition of, the asset does not differ materially from the market value of the asset on the date of its acquisition by the registered insurer, shall be deemed to be an amount equal to the sum of -

- (a) the market value of the asset on the date of its acquisition by the registered insurer; and
- (b) such expenses incurred in acquiring the asset as the Commission considers reasonable, where the amount advanced for, or the cost of acquisition of, the asset differs materially from the market value of the asset on the date of its acquisition by the registered insurer.

(3) For the purposes of these regulations, the purchase price of an asset of a registered insurer, where the market value of the asset on the date of its acquisition by the registered insurer is not readily ascertainable, shall be deemed to be an amount, not exceeding the cost of acquisition of the asset -

- (a) that the registered insurer considers to

D

have been the fair value of the asset on the date of its acquisition by the registered insurer; and

(b) that is acceptable to the Commission.

(4) For the purposes of this paragraph, the market value of an asset on the date of its acquisition by a registered insurer is deemed to be readily ascertainable if it was quoted on a stock exchange on that date, or is obtainable by means of an independent professional appraisal.

Book value
of asset.

86.(1) For the purposes of section 47(3), of the Act, the book value of an asset of a registered insurer, other than an equity asset of the registered insurer, as at a particular date, shall be determined -

(a) where the asset is a redeemable security maintained by the registered insurer that is not in default, at the option of the registered insurer -

(i) by ascertaining the amortized value of the security and by deeming the book value to be equal to the amortized value, or

(ii) by adding the purchase price of the security and the product of -

(aa) an amount equal to the redemption value of the security less its purchase price, and

(bb) the quotient equal to the length of the period that has elapsed since the date of acquisition of the

security by the registered insurer divided by the length of the period from the date of acquisition of the security by the registered insurer to its redemption date;

- R (b) in the case of a perpetual bond not in default, by ascertaining the purchase price of the bond and by deeming the book value to be equal to that purchase price;
- (c) in the case of a redeemable security in default or a perpetual bond in default -
- A (i) where the market value, on that date, of the security or bond is quoted on a stock exchange, by ascertaining the market value, on that date, of the security or bond and by deeming the book value to be equal to that market value; or
- F (ii) where the market value, on that date, of the security or bond is not quoted on a stock exchange, by ascertaining the amount -
- (aa) that places a fair value, on that date, on the security or bond, and
- (bb) that is acceptable to the Commission, and by deeming the book value to be equal to that amount;
- (d) in the case of a mortgage loan -
- (i) where no installment is in default for

more than six months, by ascertaining the amortized value of the loan, on that date, and by deeming the book value to be equal to that amortized value, or

- (ii) where any installment is in default for more than six months, by determining the market value of the loan, on that date, in accordance with paragraph 87(6) and by deeming the book value to be equal to that market value;

(e) in the case of real property, by deeming the book value to be equal to -

- (i) the amount determined by subtracting from the sum of the purchase price of the real property and the cost of improvements, if any, to the real property made since the date of acquisition of the real property by the registered insurer, the amount of an allowance for depreciation of the real property calculated on that date,
- (ii) the appraised value of the property (providing the appraisal is carried out by a Government approved appraiser acceptable to the Commission, or
- (iii) such other amount as is acceptable to the Commission on the basis of the information that the registered insurer submits to it.

(2) Notwithstanding subparagraph (1) (a), where a

D registered insurer has, on any date, in respect of any redeemable security of the registered insurer referred to in subparagraph (1) (a), opted to determine the book value of the security for the purposes of section 43(3) of the Act by the method set out in subparagraph (1) (a) (i) or (ii), the registered insurer, for the purposes of section 47(4) of the Act shall -

- (a) determine the book value, on that date, of any other such redeemable security of the registered insurer by the same method; and
- (b) determine the book value, on any subsequent date, of any such redeemable security of the registered insurer by the same method, unless it obtains the written approval of the Commission to use the alternate method set out in subparagraph (1) (a).

(3) For the purposes of section 47(3) of the Act, the total book value of the equity assets of a registered insurer, as at a particular date, shall be the aggregate of -

- (a) in respect of equity assets acquired -
 - (i) in the form of stock dividends,
 - (ii) by the division of shares, or
 - (iii) by the exercise of conversion privileges, options or rights attached to other equity assets of the registered insurer, the total costs of acquisition of the assets; and

D

- (b) in respect of equity assets not referred to in subparagraph (a), the total purchase price of the equity assets.

Market
value of
mortgage
loans.

87.(1) Subject to subparagraph (3), and for the purposes of section 47(3) of the Act, the market value, on any date, of a mortgage loan payable to a registered insurer in respect of which no installment is in default for more than six months, shall be determined -

- (a) where the rate of interest payable under the terms of the mortgage loan is greater than the average rate of interest payable in respect of all mortgage loans of the same category payable to that registered insurer, other than mortgage loans assigned to that registered insurer, that have been made during a period of three months immediately preceding that date -

- (i) by adding the principal amount outstanding under the mortgage loan on that date and an amount equal to such portion of that principal amount outstanding as is determined in accordance with subparagraphs (1)(c) and (1)(d),
- (ii) by deeming the market value to be equal to the sum so obtained ; and

- (b) where the rate of interest payable under the terms of the mortgage loan is equal to or less than the average rate of interest payable in respect of all mortgage loans of the same category payable to that registered insurer,

other than mortgage loans assigned to that registered insurer, that have been made during a period of three months immediately preceding that date -

(i) by subtracting from the principal amount outstanding under the mortgage loan on that date an amount equal to such portion of that principal amount outstanding as is determined in accordance with subparagraphs (2) (c) and (1) (d), and

(ii) by deeming the market value to be equal to the result so obtained.

(2) The portion of the principal amount outstanding, referred to in subparagraph (1), shall be determined -

(a) in the case of a long-term mortgage loan, by multiplying by six the absolute value of the difference between -

(i) the rate of interest payable under the terms of the mortgage loan, and

(ii) the average rate of interest payable in respect of all mortgage loans of the same category payable to the registered insurer, other than mortgage loans assigned to the registered insurer, that have been made during the period referred to in subparagraphs (1) (a) and (b); and

(b) in the case of a short-term mortgage loan, by multiplying by 2.5 the absolute value of the difference between -

(i) the rate of interest payable under the

terms of the mortgage loan, and

- (ii) the average rate of interest payable in respect of all mortgage loans of the same category payable to the registered insurer, other than mortgage loans assigned to the registered insurer, that have been made during the period referred to in subparagraphs (1) (a) and (b).

(3) For the purpose of this Regulation -

- (a) the mortgage loans payable to a registered insurer, other than mortgage loans assigned to the registered insurer, shall be classified in categories that are acceptable to the Commission;
- (b) the average rate of interest payable in respect of all mortgage loans of the same category payable to a registered insurer, other than mortgage loans assigned to the registered insurer, that have been made during the period referred to in subparagraphs (1) (a) and (b), may be determined by any method of approximation acceptable to the Commission; and
- (c) where the average rate of interest payable in respect of all mortgage loans of a particular category payable to a registered insurer, other than mortgage loans assigned to the registered insurer, that have been made during the period referred to in subparagraphs (1) (a) and (b), cannot be determined under paragraph (b) of this subsection because of

D

the registered insurer has not made any or has made very few mortgage loans of that category during that period, the registered insurer may substitute for that average rate of interest an estimated average rate of interest that is acceptable to the Commission.

R (4) Instead of determining the market value, on any date, of each mortgage loan referred to in subparagraph (1) separately in accordance with subparagraph (1), a registered insurer may determine the market value, on any date, of all mortgage loans referred to in subparagraph (1) that are in the same group, on a group basis in accordance with subparagraph (1), and for that purpose -

- (a) the mortgage loans referred to in subparagraph (1) shall be classified in groups in such a manner that each group is -
 - (i) part of a category of mortgage loans determined under subparagraph (3), and
 - (ii) acceptable to the Commission;
- (b) each such group of mortgage loans shall be deemed to be one mortgage loan for the purposes of subparagraph (1) and (2);
- (c) the average rate of interest payable in respect of each such group of mortgage loans shall be determined by any method of approximation acceptable to the Superintendent, and for the purposes of subparagraph (1), that average rate of interest shall be deemed to be the rate of interest payable under the terms of one mortgage loan;

D

and

- (d) the aggregate of the principal amounts outstanding, on any date, under all mortgage loans in a group shall be deemed to be the principal amount outstanding under one mortgage loan on that date.

R (5) Notwithstanding subparagraphs (1) and (3), for the purposes of section 47(2) of the Act -

- (a) the market value, on any date, determined separately in respect of a mortgage loan payable to a registered insurer -
- (i) in respect of which no instalment is in default for more than six months, and
- (ii) that the borrower is entitled to repay in full before the end of the original term of the loan without incurring a penalty in excess of an amount equal to interest in respect of six months calculated on the principal amount outstanding under the loan on the date of repayment, shall not exceed the principal amount outstanding under the loan on that date; and
- (b) the market value, on any date, determined on a group basis in respect of all mortgage loans in a group of mortgage loans payable to a registered insurer that includes loans referred to in paragraph (a), shall not exceed the aggregate of the principal amounts outstanding on that date under all loans in that group.

D

(6) For the purposes of section 47(3) of the Act, the market value, on any date, of a mortgage loan payable to a registered insurer any installment of which is in default for more than six months, shall be determined by ascertaining the amount that places a fair value, on that date, on the mortgage loan, and by deeming the market value to be equal to that amount.

(7) Notwithstanding subparagraphs (1) to (6), for the purposes of section 47(3) of the Act, the market values, on any date, of mortgage loans payable to a registered insurer may be determined by using any method or methods that, in the opinion of the Commission, places values on the loans that in the aggregate are not significantly different from the values, in respect of that date, determined under subparagraphs (1) to (6).

Investment
valuation
reserve.

88.(1) Subject to subparagraph (2) and paragraph 91, the amount of the investment valuation reserve, referred to in section 47(3) of the Act, in respect of the assets maintained by a registered insurer, as at a particular date, shall be the aggregate of -

- (a) the amount by which the total market deficiency in respect of long-term redeemable securities, long-term mortgage loans, perpetual bonds and real property of the registered insurer exceeds the market excess in respect of equity assets of the registered insurer,
- (b) an amount equal to the lesser of -
 - (i) the amount by which the market deficiency in respect of equity assets of the registered insurer

exceeds the total market excess in respect of debt securities and real property of the registered insurer, and

(ii) the sum of one half of the amount determined under subparagraph (i) as at that date and one half of the amount determined under that subparagraph as at the end of the calendar year preceding that date; and

(c) where the total of the book value of mortgage loans maintained by the registered insurer as at that date exceeds twenty percent (20%) of the total of the book values of all the assets maintained by the registered insurer as at that date in respect of its insurance business, an amount equal to the market deficiency in respect of short-term mortgage loans of the registered insurer.

(2) The amount of the investment valuation reserve referred to in section 47(3) of the Act, in respect of the assets maintained by a registered insurer, as at a particular date, shall not exceed the lesser of -

(a) an amount equal to the total market deficiency in respect of debt securities, equity assets and real property of the registered insurer, and

(b) the sum of -

(i) the total market deficiency in respect of long-term redeemable securities, long-term mortgage loans, perpetual bonds, equity assets and real property of the registered

D

insurer, and

(ii) where the aggregate of the book values of mortgage loans maintained by the registered insurer exceeds 20 per cent of the aggregate of the book values of all the assets maintained by the registered insurer in respect of its insurance business, an amount equal to the greater of -

R

(aa) zero, and

(bb) the amount of the market deficiency in respect of short-term mortgage loans of the registered insurer less the amount of any market excess in respect of short-term redeemable securities of the registered insurer.

A

Accident and sickness insurance business.

89.(1) When the only class of insurance business transacted by a registered insurer is accident and sickness insurance business, the amount of the investment valuation reserve referred to in section 47(3) of the Act relating to assets maintained by the registered insurer in respect of its accident and sickness insurance business, as at a particular date, shall be -

F

(a) where the aggregate of the book values of the mortgage loans maintained by the registered insurer as at that date does not exceed 20 per cent (20%) of the aggregate of the book values of all assets maintained by the registered insurer as at that date in respect of its accident and sickness insurance business, the total market deficiency, in respect of

I

D

redeemable securities, long-term mortgage loans, perpetual bonds, equity assets and real property of the registered insurer; and

(b) in any other case, the aggregate of -

(i) the amount calculated under paragraph (a), and

R

(ii) the market deficiency in respect of short-term mortgage loans of the registered insurer.

(2) Where, in a particular calendar year, a registered insurer enters into transactions in respect of accident and Sickness insurance business and one or more other classes of insurance business, that registered insurer shall, for the purposes of subparagraph (1), be considered not to have entered into transactions in respect of any class of insurance business other than accident and sickness insurance business, if the net accident and sickness insurance premium income of the registered insurer for that calendar year exceeds 90 per cent (90%) of the total net premium income of the registered insurer, in respect of all its insurance business in The Bahamas -

(a) for the preceding calendar year; or

(b) where the registered insurer did not enter into any transactions in respect of accident and sickness insurance business in The Bahamas, in immediately preceding calendar

T

D

year, for the expired portion of that calendar year.

Gain or
loss from
disposi-
tion of
assets.

90. For the purposes of section 47(3) of the Act, the gain or loss resulting from the sale or other disposition, during a calendar year, of the assets of a registered insurer shall be shown as a separate entry in the annual statement of the registered insurer for that calendar year.

Restric-
tions on
borrowing.

91. (1) Unless the written consent of the Commission is first obtained, a registered insurer shall not exercise its borrowing powers if the aggregate of the un-discharged amount of monies borrowed or to be borrowed and secured or to be secured by the registered insurer would exceed -

- (a) in the case of a registered insurer which engages only in life and health insurance business, twenty per cent (20%); and
 - (b) in the case of a registered insurer which engages only in property and casualty insurance business, five per cent (5%),
- of the total assets of the registered insurer.

(2) Subparagraph (1) notwithstanding, in the event of a catastrophe hazard occurring, a registered insurer may borrow in excess of 5%, but not to exceed the potential recoveries from reinsurance.

SOLVENCY

D

Required
assets of
long-term
insurer.

92. In each year after registration, subject to paragraph 70, a company carrying on long-term insurance business must have assets in an amount equal to total liabilities plus the minimum amount of capital required to satisfy the solvency requirement as set out in paragraph 96 of these regulations.

Required
assets of
general
insurer.

93. In each year after registration, subject to paragraph 69, a company carrying on general insurance business must have assets in an amount equal to total liabilities plus the minimum amount of capital required to satisfy the solvency requirement as set out in paragraph 97 of these regulations.

Separation
of assets
and lia-
bilities
attribu-
table to
long-term
business.

94. (1) Where a registered insurer carries on long-term business -

- (a) the insurer shall maintain an account in respect of that business; and
- (b) the receipts of that business shall be entered in the account maintained for that business and shall be carried to and shall form a separate insurance fund with an appropriate name.

(2) If any part of the long-term business of a registered insurer consists of contracts under which the benefits payable to the policyholders are determined by

D
 reference to the value of, or the income from, property of any description, the receipts of that part of that business shall be carried to and shall form a separate part of the fund maintained under subparagraph (1) and references in this regulation to any part of the long-term business of an insurer or to any part of the fund maintained under subparagraph (1) are references to such part of that business or to such a part of that fund, as the case may be, as is mentioned in this regulation.

A
 (3) Subject to subparagraph (4), a registered insurer that carries on long-term business shall maintain such accounting and other records as are necessary for identifying -

- (a) the assets representing the fund maintained by the insurer under subparagraph (1) and each part of that fund; and
- (b) the liabilities attributable to that business and to each part of that business.

(4) A registered insurer that carries on long-term business and was carrying on that business immediately before the commencement of the Act, shall -

- (a) make arrangements, to the satisfaction of the Commission, during the financial year of the insurer beginning next after the commencement of the Act, for identifying the assets and liabilities of the insurer as on the last day of that financial

D

year which are attributable to its long-term business and to each part of that business; and

(b) not be subject to subparagraph (3) until the day after the end of that financial year.

Restriction on transfer of assets of insurer with long-term business.

95. (1) A registered insurer that carries on long-term business shall not transfer or otherwise apply assets representing the fund maintained by the insurer under paragraph 96 otherwise than in respect of claims and expenses relating to that business, except out of any established surplus in that fund.

(2) In subparagraph (1) "established surplus" means any amount shown by an investigation to which section 54 of the Act applies, to be an amount by which the assets representing the fund maintained by the insurer under paragraph 93, or, as the case may be, representing any part of that fund, exceed the liabilities of the insurer attributable to the long-term business carried on by the insurer or, as the case may be, attributable to any part of that business.

Solvency margin of long-term business (life & Health).

96. (1) The margin of solvency of a registered long-term insurer (being the excess of the value of its discounted assets over the amount of its liabilities plus the minimum amount of capital required) shall be 20 percent of the net premium income in its last financial year or five hundred thousand dollars (\$500,000), whichever is the greater amount.

(2) Subject to subparagraph (3), the amount of any

D

liabilities of an insurer shall be determined in accordance with generally accepted accounting concepts, basis and policies or other generally accepted methods appropriate for insurers and approved by the Commission.

(3) The liabilities of any long-term business carried on by an insurer shall be taken to be whichever is the greater of -

- (a) the amount which, in respect of that business, for the time being stands to the credit of the fund maintained by the insurer under subparagraph 94(1); or
- (b) the amount of those liabilities last ascertained by an investigation under section 54 of the Act; or
- (c) the amount of the result of the sum of (a) and (b).

(4) The value of any assets of the fund required to be maintained by a registered insurer under paragraph 94(1) which are matched by long-term liabilities in respect of maturity dates and which fall within any of the descriptions of admissible assets in paragraph 71(c) or (d) may be taken to be their maturity value if that value is assigned to them in the accounts last deposited under section 58 of the Act and considered appropriate by the auditor who audited those accounts under section 60 of the Act.

(5) If in any particular case the Commission so

D

consents in writing, the assets and liabilities of an insurer to be taken into account for the purposes of this regulation may be taken to include all those assets and liabilities disclosed by group accounts dealing with the state of affairs and the profit or loss of the insurer and any subsidiary of the insurer which is a Bahamian company not engaged in trading otherwise than by dealing in investments.

Solvency
margin -
general
business
(property
and
casualty).

97.(1)The margin of solvency for the purposes of this regulation in the case of a registered general insurer is an amount of not less than the sum of -

- (a) twenty percent (20%) of that insurer's first \$10,000,000 of net premium income in respect of general business; and
- (b) eighteen percent (18%) of the amount by which that insurer's net premium income in respect of general business exceeds \$10,000,000.

(2)For the purposes of this part an insurer's net premium income shall be taken to be -

- (a) during the financial year in which the insurer first carries on general business in The Bahamas, the amount stated in the insurer's application for registration in respect of that business as the maximum gross premium income which the insurer proposes to earn in respect of general business during

D

R

that financial year reduced by the amount stated in that application as the total estimated rebates, refunds and reinsurance commission which will, on the basis of that proposed maximum gross premium income, be payable by the insurer, and, subject to subparagraph (3), by the gross amount of any reinsurance which will, on that basis, be ceded by the insurer in respect of general business during that financial year;

- (b) at any other time, the gross premium income earned in respect of general business during the insurers last preceding financial year reduced by any rebates, refunds and reinsurance commissions payable by the insurer, and, subject to subparagraph (3), by the gross amount of any reinsurance ceded by the insurer, during that preceding financial year: Provided that in a registered insurer's first or preceding financial year, as the case may be, is not a period of 12 calendar months that insurer's net premium income in respect of general business shall be taken to be an amount calculated in accordance with this subparagraph divided by the number of

days in that first or preceding financial year, as the case may be, and the resultant figure multiplied by 365.

(3) Reinsurance ceded by an insurer to a person with whom the insurer is associated shall not be taken into account for the purposes of this paragraph unless it is so ceded to a registered insurer or the Commission, in any particular case, consents in writing to its being so taken into account.

RESERVES FOR GENERAL INSURANCE BUSINESS

Computation of reserves liability.

98. (1) Every company doing general insurance business shall, in respect of its outstanding unexpired policies, include among the liabilities provided in its annual statement of account, reserves on the following basis -

- (a) eighty per cent (80%) of the unearned premiums computed pro rata per mensem, as at the date of the statement;
- (b) forty per cent (40%) of the annual premium for the year of accounting, as at the date of the statement; or
- (c) such amount as is calculated actuarially if the actuarial basis is approved by the Commission, whichever is higher.

(2) The Commission may, subject to such conditions

D

and to such extent as it thinks fit, exempt any company from the provisions of this paragraph.

(3) For the purpose of this section "premium" means in relation to a class of insurance business such premium as may be prescribed as being the net premium in relation to that class.

Additional reserves.

99.(1) In addition to the reserves required under paragraph 98, every company carrying on general insurance business shall, in respect of all classes of that business -

- (a) provide reserves for meeting claims outstanding at the date of its annual statement of account; and
- (b) set aside reserves for meeting catastrophes in such manner as the Commission may prescribe by regulations.

(2) The reserves referred to in subparagraph (1), are, in relation to a class of insurance business, such reserves as may be prescribed as being the net reserves in relation to that class.

(3) The Commission may -

- (a) subject to such conditions and to such extent as it thinks fit, exempt any company from the provisions of subparagraph (1);
- (b) disallow any method used for the calculation of reserves referred to in subparagraph (1), where it is satisfied that such a method does not result in the provision of adequate

reserves;

- (c) prescribe that reserves under paragraph 98 and under subparagraph (1) shall in respect of any class of general insurance business be held in trust as a statutory fund.

(4) Every company shall furnish to the Commission details of the method used in calculating the reserves referred to in subparagraph (1).

PART IV

**MEDICAL OR HEALTH SERVICE ORGANIZATIONS,
 INSURANCE BROKERS, ADJUSTERS, CONSULTANTS, AGENTS, RISK MANAGERS
 AND SUB-AGENTS CAPITALIZATION, INSURANCE AND DEPOSIT**

Licensing 100. Pursuant to section 119 (1) of the Act and
 of these regulations, sub-agents shall be licenced in one of
 sub-agents. two categories -

- (a) Category 1 - Sole Proprietor: An individual, producing annual commissions of \$100,000 or less, and is sponsored by one or two registered agents, brokers or insurers in accordance with section 123 (3) of the Act, and
- (b) Category 2 - Corporate Sub-Agent:
 A company producing annual commissions in excess of \$100,000.

D Capital and net assets value. 101. Every registered medical or health service organization shall maintain at all times a minimum paid-up share capital and/or minimum net assets value of not less a sum that is determined by the Commission after due consultation.

Broker, etc. net assets value. **R** 102. Every registered insurance broker, independent and public adjuster, shall maintain at all times a minimum paid up share capital and minimum net assets value of not less than an amount equal to the maximum deductible amount of the broker's professional indemnity insurance policy or or \$50,000, whichever is the greater.

Agent's capital and net asset value. **A** 103. Every registered insurance agent shall maintain at all times a minimum paid-up share capital and net assets value of not less than \$30,000.

Sub-agent's capital and net asset value. **F** 104. Every registered insurance sub-agent who is a Limited Company shall maintain at all times a minimum paid-up share capital and net assets value of not less than \$5,000.

Adjuster, risk manager or consultant capital and asset value. **T** 105. Every registered adjuster, risk manager or consultant who is a limited company or partnership shall be required to maintain at all times such minimum paid-up net share capital or net assets value as determined by the Commission.

Exclusion of intangible assets. 106. The minimum net assets value referred to in paragraphs 101 to 105 is to be determined by excluding all intangible assets in accordance with international accounting standards.

Commission's power to prescribe large amount. 107. The amounts specified in paragraphs 102 to 104 are minimum amounts and depending on the scope of business outlined in the Business Plan, the Commission may prescribe such larger amounts as it deems necessary.

Commission's discretion to register. 108. The Commission may permit a medical or health service organization, an insurance adjuster, broker, agent, sub-agent, risk manager or consultant doing business in The Bahamas at the date of the introduction of these Regulations to be registered despite its inability to comply with paragraphs 101 to 105, provided that the organization, adjuster, broker, agent, sub-agent, risk manager or consultant presents a satisfactory plan to the Commission for increasing the capital to the amount required in not more than three years.

Professional indemnity policy and limit. 109. (1) Every registered insurance broker shall maintain and continue to maintain in force, in respect of his insurance brokerage activities, and placed with a carrier acceptable to the Commission, a professional indemnity policy with a minimum limit of indemnity for any one claim and in any one insurance period of 12 months. The limit of indemnity shall be -

D

(a) A sum equal to -

R

(i) the aggregate insurance brokerage/ commission income relating to the average for the three years immediately preceding the date of commencement of the professional indemnity insurance cover (applicable to an insurance broker who has been in business for more than three years);

(ii) the projected insurance brokerage/ commission income for 12 months for the period of the professional indemnity insurance cover (applicable to an insurance broker who has been in business for less than three years); or

(b) A sum of not less than \$500,000, and not more than \$5,000,000.

F

(2) Cover in excess of the amounts prescribed in paragraph (1) (a) may be required by the Commission to meet the requirements of an individual broker.

(3) The professional indemnity insurance prescribed in paragraph (1) shall extend to include the activities on behalf of the broker and sub-agents, if any.

I

(4) If as a result of a claim or claims the indemnity available shall fall below the amount determined in paragraph (1), the broker shall effect a reinstatement of

D

cover up to not less than the original before the loss.

(5) In the event that such professional indemnity insurance be withdrawn or cancelled, or the said insurance be not renewed, the said broker shall immediately notify the Commission and shall forthwith cease to solicit further insurance business until such professional indemnity insurance has been reinstated or replaced.

(6) In this paragraph insurance brokerage/commission income means income derived from advising on or arranging any contract which contains an element of insurance, irrespective of the extent of such insurance element.

Errors and Omission Policy.

110. (1) Every registered insurance adjuster, risk manager or consultant (sole proprietor, partnership and company), shall effect Errors and Omission Insurance Cover at a minimum level of \$500,000 for an individual adjuster, risk manager or consultant, or \$2,000,000 for the corporate entity. However, evidence of an undertaking by an insurer to provide this cover upon registration (inclusive of evidence of the relevant deductible) must be submitted with the application.

(2) In the event that such Errors and Omission insurance be withdrawn or cancelled, or the said insurance be not renewed, the said adjuster or consultant shall immediately notify the Commission and shall forthwith cease to solicit further insurance business until such insurance has been reinstated or replaced.

Fidelity

111. (1) Every registered agent who is a limited company

Bond. **D**

shall maintain -

(a) fidelity insurance against losses arising from the dishonesty of employees, directors, and officers for an amount of not less than -

R

(i) \$20,000 for any one employee;

(ii) \$50,000 for any one officer or director; or

(iii) \$200,000 for any one occurrence in the aggregate including collusion; or

(b) some other form of financial guarantee in a form approved by the Commission in an amount of at least \$200,000.

(2) In the event that such fidelity bond be withdrawn or cancelled, or not renewed, the said agent shall immediately notify the Commission and shall forthwith cease to solicit further insurance business until such fidelity bond has been reinstated or replaced.

(3) The fidelity bond prescribed in subparagraph (1) shall extend to include the activities on behalf of the sub-agent, if any.

Appropriate indemnity or coverage Time-frame indemnity.

F
112. The Commission shall determine the appropriate professional indemnity or other insurance coverage for the different types of medical or health service organizations.

T
113. The professional indemnity and other insurance coverage noted in paragraphs 109 to 112 shall be effected by the registered entity within forty-five (45) days after

D

being registered.

Power of attorney or guarantee etc.

114.(1)Every registered insurance agent shall provide evidence satisfactory to the Commission of a power of attorney, or agency agreement between the agent and the insurer for whom such agent acts.

R

(2)Such power of attorney, agency agreement or guarantee shall extend to include the activities of sub-agents, if any.

(3)In the event that such power of attorney, agency agreement or guarantee is withdrawn or such agreement is determined, the said agent shall immediately notify the Commission and shall forthwith cease to solicit further insurance business on behalf of that insurer until such power of attorney, agreement or guarantee has been reinstated.

Alternative to power of attorney.

115. A registered insurance agent may, as an alternative to meeting the requirement laid down in paragraph 114, maintain in force professional indemnity insurance in like manner and for like amount as if he had been a registered insurance broker as in paragraph 109.

F

Indemnity policy and fidelity bond.

116. Every company that is registered as both a broker and agent shall maintain both a professional indemnity insurance policy and a fidelity bond.

T

Deemed insurance

117. An agent who acts on behalf of more than one insurer is deemed for the purpose of these regulations

broker. **D**

to be acting as an insurance broker and shall be required to maintain in force professional indemnity insurance as in paragraph 109.

Suspension of licences.

118. In the case of a sub-agent, if the professional indemnity insurance or fidelity bond or power of attorney, agency agreement or guarantee, as the case may be may be, referred to in paragraphs 109(3), 111(3) and 114, is for any reason withdrawn from the sub-agent, then the licence of the said sub-agent is ipso facto suspended until such time as such professional indemnity insurance, fidelity bond, power of attorney, agency agreement or guarantee, as the case may be, is reinstated. **R**
A

Expiration of certificate of registration.

119. A registered medical or health service organization's, insurance broker's adjuster's, consultant's, agent's or sub-agent's certificate of registration expires on the date of the effective cancellation or non-renewal of an insurance policy required under paragraphs 109, 110, 111, and 112, unless before the date the insurance is replaced or the medical or health service organization, broker adjuster, consultant, agent or sub-agent is in compliance with paragraphs 109,110, 111, and 112. **F**

Deposits.

120. All foreign intermediaries registered in accordance with the Act, and pursuant to the requirement of section 122 of the Act, shall be required to deposit with the Commission such amount as is set out below at the times prescribed - **T**

D

<u>Gross Annual Commission or Fees</u> (in The Bahamas)	<u>Amount of Deposit</u>
Up to \$500,000	\$50,000
\$500,000 to \$1,000,000	\$100,000
\$1,000,000 to \$2,000,000	\$200,000
Over \$2,000,000	\$500,000

Documentary
evidence.

121. Such foreign intermediaries noted in paragraph 120 will be required to provide documentary evidence to the Commission that they have minimum capital, professional indemnity insurance, errors and omission and/or fidelity bond as required in paragraphs 101 to 105, 109, 110 and 111.

A PART V

MEDICAL OR HEALTH SERVICE ORGANIZATIONS, INSURANCE SALESPERSONS, AGENTS, SUB-AGENTS, BROKERS ADJUSTERS, RISK MANAGERS AND CONSULTANTS (REGISTRATION)

This Part is in the exercise of the power conferred upon the Insurance Commission by section 233 of the Insurance Act and in pursuance of sections 24, 119 and 121 of the Act.

Salesperson's
licence
category.

122. Under these regulations salespersons shall be licenced in one of two categories -

- (a) Category 1: "Tied, "Employed" "Exclusive" Salespersons. Any individual employed full time by a registered insurance company, whether salaried only or by way of a combination of salary and commissions, for the sole purpose of soliciting business on behalf of or selling the insurance products of their employer only;

D

- (b) Category 2: "Commissioned" Salesperson. Any individual remunerated solely by way of commissions by any registered sub-agent, agent, broker, or long-term insurer in respect to individual (personal) products for the sole purpose of soliciting business on behalf of or selling the insurance products of such sub-agent, agent, broker, or long-term insurer.

R

Sub-agent's licence category.

123. Under these regulations and pursuant to section 119 (1) of the Act, sub-agents shall be licenced in one of two categories -

- (a) Category 1: An individual, producing annual commissions of \$100,000 or less, and is sponsored by one or two registered agents, brokers or long-term insurers in accordance with section 123 (3) of the Act, or
- (b) Category 2: An individual or company producing annual commissions in excess of \$100,000.

Sub-agent to incorporate.

124.(1) Pursuant to section 119 (1) of the Act, no category 1 sub-agent shall be required to incorporate as a prerequisite for a licence. However, category 2 sub-agents shall incorporate.

(2) Section 119 of the Act notwithstanding, no insurance consultant shall be required to incorporate as a prerequisite for a licence.

(3) The entity applying for registration as a medical/health service organization, broker, agent, corporate sub-agent or adjuster shall be incorporated and registered under the Companies Act to transact insurance business, and excepting the medical or health service

D

organizations, the corporate name shall include the words "Insurance broker" or "Assurance broker" etc. as the case may be, unless the Commission permits otherwise.

(4) Notwithstanding the inclusion of adjuster, risk manager, and consultant in the definition of insurance intermediary, the holders of such licenses are prohibited from giving advice in respect of an insurance product, by way of directly offering, advertising, or on a person-to-person basis or the promotion of such product, or the facilitation of an agreement or contract between an insurer and a customer.

(5) Any person registered to do insurance business in The Bahamas at the date of the commencement of the new Act must apply to the Commission, within the prescribed time period, to be registered under the Act. Such persons shall give notice of application to be registered in the prescribed form and shall provide the necessary documents and particulars required, together with the prescribed fee.

(6) Every application for registration under Part V of the Act shall be made in the appropriate form as prescribed, and shall be accompanied by the receipt obtained from the Commission upon payment of the prescribed fees.

Application documents.

125. (1) An application for a salesperson's licence or renewal shall be accompanied by -

- (a) a statement by a sponsoring insurer, broker or agent indicating that-
 - (i) it has taken steps to screen the applicant and is satisfied that the applicant is suitable to carry on business as a salesperson; and
 - (ii) in supporting the application accepts fully the acts, errors and

D

omissions of the applicant;

- (b) certified documents to prove educational or experience qualifications of the applicant.

(2) An application for registration as a medical or health service organization, broker, agent, risk manager, corporate sub-agent, consultant or adjuster shall be accompanied by -

- (a) certified documents to prove educational or experience qualifications of the partners, directors, senior managers, individual adjusters, brokers, etc.;
- (b) a business plan which shall include, among other things, a three year projection of Premium Generation, Commission (or "adjusting") Income on a class-by-class basis, and other income, all on a month-by-month basis, together with an itemized statement of Projected Expenses on a month-by-month basis. These should be summarized on a three year cash projection statement;
- (c) the audited opening balance sheet, or audited financial statement of the applicant for the financial year immediately preceding the date of application; and
- (d) where appropriate, certified copies of the instruments constituting the firm (certification to be done by the Registrar of Companies) and a statement setting out the details of beneficial

shareholding.

(3) An application for a sub-agent or agent's licence shall be accompanied by a statement by a sponsoring insurer, broker or agent indicating that -

- (a) it has taken steps to screen the applicant and is satisfied that the applicant is suitable to carry on business as a sub-agent or agent; and
- (b) in supporting the application accepts fully the acts, errors and omissions of the applicant.

(4) Where an application is for registration as an agent or sub-agent, the applicant shall submit together with his application form certified copies of his agency agreement and/or power of attorney, as well as any agreement relating to commissions and other remuneration payable to him in respect of his agency.

(5) Where an application is for registration as a broker, agent, risk manager, adjuster or consultant -

- (a) proof to the satisfaction of the Commission must be submitted that there is in force professional indemnity, fidelity, or errors and omissions insurance cover of not less than the prescribed amount placed with an insurer approved by the Commission;
- (b) the Commission must be satisfied that in the case of the company, the paid up capital in cash is not less than the prescribed amount.

(6) The individual applicant for registration as an adjuster shall have experience and professional

D
 qualifications preferably of the ACILAI (Associate of the Chartered Insurance Loss Adjusters Institute) (London) or ACII (Associate of the Chartered Insurance Institute (London) standard, with loss adjusting qualifications, or a minimum of five years experience plus relevant qualifications. Equivalent qualifications or experience shall be accepted subject to meeting standards acceptable to the Commission.

R
 (7) Where the application for registration is from a partnership, firm or company of adjusters, the entity must have as partners or at board level persons with appropriate experience and professional qualifications preferably of the ACILAI (Associate of the Chartered Insurance Loss Adjusters Institute) (London) or ACII (Associate of the Chartered Insurance Institute (London) standard, with loss adjusting qualifications and experience. The partnership or firm shall also have on board individual adjusters qualified and experienced in the classes of business in which the applicant may be engaged. Equivalent qualifications/experience will be accepted subject to meeting standards acceptable to the Commission.

A
F
 (8) Where the application is for registration as a medical or health service organization, risk manager or consultant, the individual, partnership, or firm shall satisfy the Commission that the individual, partners, or firm has available persons with qualifications and experience acceptable to the Commission.

Disclosure
 of
 managers,
 etc.,

I
 126.(1) Where a body corporate applies for registration as a medical or health service organization, broker, agent, sub-agent, managers, adjuster, risk manager or consultant, the company shall specify the managers and or controllers of the company.

D

(2)The certificate of registration of the body corporate shall specify the officer or officers who may act thereunder in the name of the company.

(3)A certificate of registration may be cancelled or suspended as to the company or as to any of the officers named or specified therein.

Applica-
tion of
agents or
salesmen
to be
certified.

127.(1)Every application for registration of an agent or sub-agent shall be certified by the insurer or agent on behalf of whom the agent or sub-agent may act.

(2)Every application for registration or renewal of a salesperson shall be certified by the insurer by which the agent by whom the salesperson is employed or contracted at the time of his application.

(3)Where the applicant for a broker, an agent, a sub-agent, an adjuster, risk manager or a consultant's licence has operated in The Bahamas immediately before the effective date of the Insurance Act, the application must be accompanied by a letter from the insurance companies to which services were provided indicating that they were satisfied with the competence and method of conduct of business of the applicant, and the ethical standards maintained by the applicant in the performance of its work.

Applica-
tion
to renew
certificate.

128. An application to renew a certificate of registration shall be in the appropriate form. The application shall be accompanied by the receipt obtained from the Commission upon payment of the prescribed fee and shall be made to the Commission not later than thirty days before the anniversary date of issue of the certificate.

Insurers
to sell
products.

129. In accordance with section 24 of the Act, all insurers(General and Long-term) shall sell their products through registered intermediaries, i.e., salespersons, sub-

D
Use of
sales force.

agents, agents and brokers.

130. With regard to the utilization of salespersons -

R

(a) life and health insurance companies shall continue to utilize their own "Tied" or "Commissioned" sales forces, of which each member must be licensed and registered by the Commission;

(b) property and casualty insurance companies may only sell their products through registered agents, sub-agents, and brokers;

(c) registered agents, sub-agents, and **A** brokers selling property & casualty insurance products may utilize "Tied" or "Employed" salespersons or technical representatives, but such salespersons are not required to be licensed or registered by the Commission; but

(d) registered **F** agents, sub-agents, and brokers selling life and health insurance products may only sell such products using "Tied" or "Employed" salespersons who shall all be licensed and registered by the Commission.

Listing of
salesperson
or technical
represent-
atives.

131. Each year every registered insurance company, sub-agency, agency, and broker, shall **I** submit to the Commission, in the appropriate form, a listing of all salespersons or technical representatives employed or commissioned by the insurance company, sub-agency, agency, or broker.

Salesperson
licensed
to one

132. No salesperson shall be licensed under the Act to solicit or sell products for more than one insurer (Long Term), broker, agent or sub-agent at any one time.

insurer.
 Category 1
 licence.

133. No Category 1 salesperson or sub-agent shall be licenced to act for an employer engaged in any non-insurance (or related) activity except as approved by the Commission.

Disclosure
 rules.

134. All categories of salespersons, brokers, agents and sub-agents shall be subject to "disclosure" rules whereby they are obligated to advise potential customers about who they represent and for which classes of business they are permitted to sell.

Product
 of
 employer.

135. No salesperson or sub-agent shall solicit business from any customer other than in respect of the products of his employer or principal.

Salesperson
 not an
 insurer.

136. No salesperson shall act as or purport to be an insurer, broker, agent or sub-agent, and no sub-agent shall act as or purport to be an insurer, broker, or agent.

Salesperson
 required to
 reveal
 licence.

137. All salespersons, brokers, agents and sub-agents are to reveal their licence to a customer or potential customer, if requested.

Agents and
 sub-agents.

138. No Category 1 sub-agent shall be licensed under the Act to solicit or sell products for more than one long term and one general insurer, broker, or agent at any one time, in accordance with section 123 (3) of the Act.

Incor-
 poration no
 prerequisite
 for licence
 for category
 1 sub-agent.

139. No category 1 sub-agent shall be required to incorporate as a prerequisite for a licence.

Category 2
 agent to

140. All category 2 sub-agents shall be required to incorporate as a prerequisite for a licence.

incorporate
for licence.

Rebating
prohibited.

Supervisor
to maintain
and register.
certificates

Monthly
accounts of
brokers.

Monthly
records of
Agents.

Annual
audited
accounts
submitted
supervisor.

Audit of
accounts of
brokers and

141. Section 137 of the Act which prohibits rebating shall apply to all categories of sub-agents.

142. The Commission shall maintain registers of all agents, sub-agents, brokers, salesmen, adjusters, consultants, risk manager, medical or health service organizations to whom of registration have been issued.

143. Every registered broker shall keep, in relation to insurance placed with him relating to each class or classes of insurance business for which he is registered, monthly accounts showing all receipts and expenses relating to such insurance business, and such accounts shall be completed not later than twenty-one days after the end of the month in respect of which they are prepared.

144. All registered agents and sub-agents shall keep, as respects policies issued or renewed by them, such monthly records as will enable the amount due to them by their principals or due by them to their principals to be determined, and such records shall be completed not later than twenty-one days after the end of the month in respect of which they are prepared.

145. Within four months of the close of each financial year, the broker, agent or corporate sub-agent shall submit to the Commission a copy of the audited accounts, balance sheet and profit and loss account of the brokerage to the business or agency as case may be, for that financial year.

146. (1) The accounts required under paragraph 145 shall be audited by an auditor within the meaning of section 58(1) of the Act.

agents etc.

(2) The auditor making the audit shall state in a certificate to the accounts whether or not -

- (a) the books of accounts have been properly kept;
- (b) the balance sheet and profit and loss account present fairly the state of the broker's or agent's affairs at the end of the financial period to which they relate;
- (c) the agent or broker, as the case may be, has satisfied the requirements of paragraphs 143 and 144 and has presently paid over all moneys received for an insurer or an insured as the case may be, during the period to which the accounts relate.

Appoint-
ment of
Examiner.

147. (1) The Commission may appoint either a Board or an educational institution to supervise and administer the examinations referred to in Part V of the Act.

(2) The Board shall consist of not less than five or more than ten members, one of whom shall be the Superintendent or his nominee. The other members shall include persons nominated by insurance associations or organizations recognized as such by the Commission.

(3) The approved educational institution shall be appointed for a period of three years in the first instance and shall be eligible for reappointment for further periods of not less than twelve months duration.

Commissioner
may authorize.

148. The Commission may authorise the amount of remuneration to be paid to the Board or the approved educational institution as the case may be, for the supervision and administration of examinations.

Examin-

149. For the purposes of sections 121 and 123 of

nations. **D**

the Act, the Board or approved educational institution shall in consultation with the Commission -

- (a) determine the educational and experience qualifications, and the scope and form of examinations necessary to qualify a person to act as or carry on business as an agent, a sub-agent, a broker, a salesman or an adjuster; provided however that no examination shall be wholly oral; and

R

- (b) prescribe the fee payable by a candidate for such examinations.

Frequency of examinations.

150. (1) **A** Examinations shall be held at least once each year.

(2) A candidate for an examination may apply to the Commission for the examination to be held in respect of any class of insurance business and an examination shall be so held subject to sub-paragraph (3) where at least fifteen candidates have applied and paid the prescribed examination fee.

(3) An examination in respect of a particular class of insurance business shall not be held more than once in three months.

Certification.

151. (1) Where the examiner is an approved educational institution, there shall be issued to every person who passes the required examination, a certificate to that effect signed by the head of the institution.

(2) Where the examiner is a panel of persons there shall be issued to every person who passes the required examination a certificate to that effect signed by the Superintendent.

Exemption

152. A person who satisfies the Commission that he

from **D** examinations. has carried on business as a sub-agent, agent, broker, salesperson or adjuster in a particular class of insurance business in an efficient manner for a period of at least five years immediately preceding the commencement of Part V of the Act may be exempted from the examinations referred to in these regulations.

R

PART VI

INSURANCE ADVISORY COMMITTEE

This Part is in the exercise of the power conferred upon the Insurance Commission by section 233 of the Insurance Act and in pursuance of section 239 of the Act.

Function. 153. The Committee shall advise the Superintendent of Advisory on matters relating to the carrying on of insurance business Committee. in and from The Bahamas.

Constit- 154. (1) The Committee, established pursuant to section 239 ution of of the Insurance Act, shall consist of at least twelve Advisory persons, provided always that the membership shall be made Committee. up of representatives of insurance, trade and professional associations, and other persons appearing to the Commission to be knowledgeable about insurance business in The Bahamas.

(2) Appointments to the Committee shall be made in writing by the Chairman of the Commission and shall be for such period or periods of up to three years as the Commission may, from time to time determine, and may be revoked by the Commission at any time.

(3) The Superintendent and the Deputy Superintendent shall be ex officio members of the Committee.

D

(4) The Superintendent, shall be the Chairperson of the Committee.

(5) The Committee shall meet as often as the Chairperson deems necessary to fulfil its mandate, and shall determine its own rules of procedures.

R

PART VII

INSURANCE (FEES AND FORMS)

Fees.
Second
Schedule.

155. There shall be paid to the Commission in respect of the matters mentioned in the Second Schedule, the fees specified in that Schedule.

Re-regis-
tration.

156. Re-registration fees payable under these regulations become due and payable on the last day of the twelfth month following the initial or previous registration.

Penalty for
late payment
of fees.
First
Schedule.

157. Any person or company who under these regulations is required to pay any annual registration fee, and fails to pay such fee within a period of 30 days after the date on which such fee becomes due and payable, shall, in respect of his` registration for that year, pay to the Commission in addition to the appropriate annual registration fee payable under these regulations, a late fee, as outlined in paragraph 11 of the Second Schedule.

Insurance
business
without
registration
fee is an
offence.

158. Notwithstanding paragraph 157, any person who carries on, in The Bahamas, any insurance business after the date on which the appropriate annual registration fee becomes payable without having paid such fee, is guilty of an offence and is liable on summary conviction -

- (a) in the case of a company, to a fine not exceeding \$500 and to a further fine not exceeding \$50 for every day or part thereof on which the offence continues after

D

conviction;

- (b) in the case of an individual, to a further fine not exceeding \$25 for everyday part thereof on which the offence continues after conviction.

Registration
fee a debt.

159. Without prejudice to paragraphs 157 and 159, any registration fee payable under these regulations which remains unpaid after 30 days from the date on which such fee becomes payable may be recovered as a debt due to the Crown in civil proceedings before a magistrate.

Suspension
of
licence.

160. The Commission may suspend the licence of an individual or company where the registration fee remains unpaid for more than 90 days from the date on which such fee becomes payable.

Register.

161. The Commission shall cause to be kept a register in which shall be entered the names of all companies and individuals by whom the appropriate annual registration fee has been paid for each year.

Forms.
Third
Schedule.

162. The forms set out in the Third Schedule, with such variations as the circumstances of each case may require, shall be used in all matters to which they relate.

T

D

FIRST SCHEDULE

(regulation 128)

(Application for Renewal of Certificate of Registration as Salespersons, Sub-Agents, Agents, Brokers, Risk Managers and Adjusters)

R

FORM 1

THE INSURANCE (SALESPERSONS, AGENTS, SUB-AGENTS, BROKERS, RISK MANAGERS, ADJUSTERS AND CONSULTANTS) (REGISTRATION) REGULATIONS, 2009

Application for Renewal of Certificate of Registration as Corporate Sub-Agent/ Agent

A

TO: THE INSURANCE COMMISSION:

I hereby apply for the renewal of Insurance Agent/Sub-Agent Certificate of Registration No Issued on

I enclose:

- (1) official receipt No dated as evidence of payment of the prescribed fee; and
(2) evidence that the required insurance/bond is in place.

F

Signature of Applicant

Date

T

PARTICULARS

- 1. Full Name of Applicant (Individual /Firm/Company)
Address
2. Name of company for which the applicant is registered as Sub-Agent or Agent
.....
Address
3. Endorsement of Company:

D I certify that the information in item 2 above is true and correct.

Signature

Title

(Affix Official Stamp)

4. **R** Name of officers who will act in the name of and on behalf of the applicant company

I certify that to the best of my knowledge and belief all of the information given in this application is true and correct.

A

Signature

Position in Firm/Company

.....

Note: To be signed by the Chief Executive of the Company.

F

T

D

FORM 2

THE INSURANCE (SALESPERSONS, AGENTS, SUB-AGENTS, BROKERS, RISK MANAGERS, ADJUSTERS AND CONSULTANTS) (REGISTRATION) REGULATIONS, 2009

Application for Renewal of Certificate of Registration as Salesperson

TO: THE INSURANCE COMMISSION

I hereby apply for the renewal of Insurance Agent/Sub-Agent Certificate of Registration No Issued on

I enclose official receipt No dated as evidence of payment of the prescribed fee.

Signature of Applicant

Date

PARTICULARS

- 1. Full Name of Applicant (Mr./Mrs./Miss)
Address
- 2. Name of Insurance Company or the Agent for which /with whom the Applicant is registered as Salesperson
Address
- 3. Endorsement of Insurance Company or Agent:

I certify that the information in item 2 above is true and correct.

Signature

Title

D

(Affix Official Stamp)

I certify that to the best of my knowledge and belief all of the information given in this application is true and correct.

Signature

Date

R

Note: To be signed by the Chief Executive of the Company or the Agent.

A

F

T

D

FORM 3

THE INSURANCE (SALESPERSONS, AGENTS, SUB-AGENTS, BROKERS, RISK MANAGERS, ADJUSTERS AND CONSULTANTS) (REGISTRATION) REGULATIONS, 2009

Application for Renewal of Certificate of Registration as Broker or Adjuster

To: THE INSURANCE COMMISSION

I hereby apply for the renewal of Insurance Broker/Adjuster Certificate of Registration No Issued on

I enclose:

- (1) official receipt No dated as evidence of payment of the prescribed fee; and
- (2) evidence that the required insurance/bond is in place.

Signature of Applicant

Date

PARTICULARS

- 1. Full Name of Applicant (Firm/Company)
- 2. Address
- 3. If a Broker, give details of Professional Indemnity Insurance as follows:
 - (a) Underwriter
 - (b) Policy No
 - (c) Renewal date
 - (d) Limit of Indemnity
 - (e) Excess

(Written evidence that the Insurance is in force must be submitted)

- 4. **D** Name of officers who will act in the name of and on behalf of the applicant company

I certify that to the best of my knowledge and belief all of the information given in this application is true and correct.

Signature

Position in Firm/Company

R

A

F

T

D

FORM 4

THE INSURANCE (SALESPERSONS, AGENTS, SUB-AGENTS, BROKERS, RISK MANAGERS, ADJUSTERS AND CONSULTANTS) (REGISTRATION) REGULATIONS, 2009

"Tied" and "Commissioned" Salespersons and Technical Representatives List

List of "Tied" and "Commissioned" Salespersons and Technical Representatives working for

(Name of firm)

1. Full Name (Last name first).....

2. Registration Number

3. Is Registration Current? (Yes/No)

"TIED"

F

"COMMISSIONED"

T

I certify that to the best of my knowledge and belief all the information given above is true and correct.

Signature

D

SECOND SCHEDULE

(regulation 155)

R

TABLE OF FEES

The fees to be paid in respect of the various provisions under the Insurance Act are as follows:

Amount of Fee	\$
1. For the filing of an application for a new license and registration of:	
(a) an insurance company	500
(b) an association of underwriters	500
(c) a medical/health service organization	500
(d) a firm/company of brokers	300
(e) an individual sub-agent	75
(f) a firm/company of agents or sub-agents	300
(g) an individual, partnership or firm/company of insurance adjusters, (Independent or Public) consultants, or risk managers	300
(h) a salesperson	75
2. For the initial registration of a new insurance company where the authorized capital is:	
(i) \$1,000,000 or more but less than \$3,000,000	5,000
(ii) \$3,000,000 or more but less than \$5,000,000	10,000

D	(iii) \$5,000,000 or more but less than \$10,000,000	15,000
	(iv) \$10,000,000 or more	20,000
3.	For the subsequent annual registration of an insurance company carrying on life and health insurance business \$1.00 per \$1,000 worth of all such new local policy premiums, subject to a Minimum of \$500 and Maximum of \$5,000	
4.	For the subsequent annual registration of an insurance company carrying on property and casualty business \$1.00 per \$1,000 worth of all such new local policy premiums, subject to a Minimum of \$500 and Maximum of \$5,000	
5.	For the re-registration under the 2005 Act of an insurance company, agency or brokerage that was doing business under the repealed Act:	100
6.	For the initial license/registration and subsequent annual renewal of the registration of:	
	(a) an association of underwriters	5,000
	(b) a firm/company of brokers	1,000
	(c) a medical/health service organization	1,000
	(d) a firm/company of agents	1,000
	(e) a firm/company of sub-agents	300
	(f) an individual sub-agent	100
	(g) an individual insurance adjuster (Independent or Public), risk manager, or consultant	1,000
	(h) a partnership or firm of insurance adjusters,	

D	(Independent or Public), risk managers, or insurance consultants	3,000
	(i) Salespersons:	
	Life & Health	
	(i) Ordinary Life	100
	(ii) Industrial Life	50
	Property & Casualty	100
	Combination Licence	
	(i) Ordinary Life plus Property & Casualty	200
	(ii) Industrial Life plus Property & Casualty	150
7.	For the processing of applications or requests by a registered entity to:	
	(a) Amalgamate/Merge	5,000
	(b) Acquire/Increase significant interest	2,000
	(c) Transfer Business/Assets	3,000
	(d) Acquire/Increase substantial Investments	2,000
8.	For taking a record of any fact required by the Act or authorized to be recorded by the Commission	10*
	* PER REQUEST, PER INSTITUTION	
9.	For obtaining a duplicate of a certificate or identification card	20*
	*PER REQUEST, PER INSTITUTION	
10.	For the inspection of a document held by the Commission	5*
	* PER REQUEST, PER INSTITUTION	
11.	For Late Payments:	
	(a) Registered insurers, medical/health service organizations and insurance intermediaries delinquent in the timely payment of licence fees will be subject to an additional charge of 10%, 15%, 20% or 25% on amount due according to the quarterly aging of the	

D overdue amount.

- (b) Registered insurance salespersons and other intermediaries late registration renewal, i.e. after the end of the month in which the anniversary occurs:
- | | |
|--------------------------------|-----|
| (i) within the first quarter | 10% |
| (ii) within the second quarter | 15% |
| (iii) within the third quarter | 20% |
| (iv) within the fourth quarter | 25% |
- (c) The late payment by insurers of the tax on gross premiums may also be subjected to a late fee.
- (d) The Commission may decide not to charge a late fee when prior approval for the late submission has been obtained from the Commission.

A

F

T

D

THIRD SCHEDULE

(regulation 162)

THE INSURANCE COMMISSION OF THE BAHAMAS

FORM A1

APPLICATION FOR REGISTRATION OF AN INSURANCE COMPANY

(section 27 The Insurance Act, 2005)

NO

DATE RECEIVED

Application by an Insurance Company for registration under Part 111 of the Insurance Act to carry on insurance business in The Bahamas of a relevant class or relevant classes.

A. PARTICULARS OF COMPANY BUSINESS AND REGISTRATION REQUIRED

- 1. Name of Company.
- 2. Full address of the principal office of the company in The Bahamas where service of notice may be effected.
- 3. Date and place of incorporation.
- 4. Summary of main objects of company (attach statement where necessary).
- 5. The authorized and paid-up capital. If paid-up capital will be increased before registration under the Act, give details
- 6. (a) the amount by which the assets of the company exceed liabilities at the present time (including all contingent or prospective liabilities but not liabilities in respect of share capital); and
(b) the amount this excess is likely to be when the company is ready to undertake insurance underwriting business.
- 7. The relevant class or classes of insurance business which the company carries on (a) in The Bahamas and (b) elsewhere at the present time and

- D** the amount of business undertaken outside The Bahamas.
8. Particulars of any business other than insurance business which the company carries on at present or proposes to carry on anywhere, indicating how such other business will be separated from the insurance business.
 9. The class or classes of insurance business for which registration is sought. Has the company been refused permission to carry on such class (or any, and if so, which, of such classes) of insurance business in any other country?
 10. If the company intends to limit its activities to insuring only some of the risks of the class or classes of business for which registration is being sought: give particulars of the risks to be insured.
 11. Does the company carry on any class of long term business with any class of general business in (a) The Bahamas (b) elsewhere? State classes involved. If, in addition to long-term business the company at present carries on in The Bahamas any class of general business other than personal accident insurance business, state the transitional period required before cessation of long-term classes or general classes, as the case may be, can be effected. (Attach statement where necessary).
 12. Is the company carrying on business in The Bahamas as a broker or agent? State whether or not the company's directors have or propose to hold any beneficial ownership in any insurance brokerage or agency business in The Bahamas: full details should be given.

T

B. BUSINESS PLAN

13. The estimated amount of premium income (both gross and net of reinsurance) during each of the next three years in respect of each class of insurance business which the company will carry on, set out in the following format -

D

	Gross			Net of Reinsurance		
	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
	\$	\$	\$	\$	\$	\$
(a) from direct insurance in The Bahamas						
(b) from direct insurance elsewhere						
(c) from reinsurance accepted in The Bahamas						
(d) from reinsurance accepted elsewhere						
(e) Total (a) to (d)						

14. The amount (if any) by which it is intended to increase the paid-up capital of the company during the next three years.
15. The sum expected to be spent during each of the next three years on new premises, office equipment, motor vehicles, etc.
16. The sum expected to be spent during each of the next three years on advertising or other methods of promoting business.
17. For each and every class of insurance business to be carried on by the company in The Bahamas during the next three years -
 - (a) the method or methods by which the policies will be marketed (e.g. by the company's own organization, by brokers, salesmen, agents, sub-agents or by all methods);
 - (b) if more than one method is proposed under (a) the expected proportions to be marketed by each method;
 - (c) the rates of commission which will be paid to the categories indicated at (a) above; and
 - (d) the extent to which and the conditions under which any of the categories at (a) will have binding authority to commit the company.

18. Where an overseas company operates or proposes to operate in The Bahamas through the medium of a local agent or agents, a summary of the main arrangements pertaining to the agency agreement(s) and the extent and system of supervision and control to be exercised by the principal. (Attach statement if necessary).
19. Where the company proposes to operate in The Bahamas on a Branch basis, details of the organization and structure of the Branch arrangements. (Attach statement if necessary).
20. The way in which the settlement of claims will be handled (e.g., by the company, by outside loss adjusters or assessors or by other persons with authority to settle claims).
21. The company's policy and practice or proposed policy and practice relating to the settlement of claims. (Attach statement where necessary).
22. Particulars of any association which exists between any of the brokers, agents, loss adjusters or assessors and any director of the company, any director it is proposed at present to appoint, any person having a majority shareholding in the company, or any other person on whose directions the directors of the company or any of them act or will act.
23. The name or the principal officer of the company in The Bahamas.
24. The name or names of the company's agent, agents or sub-agents in The Bahamas, their address or addresses and the classes of insurance business for which they will be responsible.
25. In respect of each class of business for which registration is being sought, give -
- (a) the proposed premium rates before deduction of commission;
 - (b) the percentage of premiums (net of reinsurance) which claims are expected to form and any other relevant information on which premium rates are based;
 - (c) the percentage of premium (net of reinsurance) which management expenses are expected to form;
 - (d) the proposed selection of risks; and

D (e) attach copies of the standard forms of policies. Where applications for registration to carry on industrial insurance business or ordinary long-term business are being made, the information requested at (b) and (c) need not be given but the company should provide a statement of the actuarial bases of the premium rates and, in the case of equity-linked business, the proportion of premiums to be invested in or related to the fund. Applicants should also supply a certificate by an actuary stating that he considers that premium rates are satisfactory in the light of the information disclosed in the application and that the proposed amount of capital is adequate to support the amount of business.

C. REINSURANCE CEDED

26. The nature and extent of the existing or proposed reinsurance arrangements for each class of business indicating clearly the amount of the applicant company's retention in each case. (Attach supporting statement, reinsurance treaties, etc.).
27. Names of the insurance companies or associations of underwriters which will reinsure each class of the company's business and the amount which will be reinsured by each. (Attach supporting statement, if necessary).

D. CONTROL OF COMPANY

28. In respect of (i) *each of the promoters of the company, (ii) each of the present directors of the company, (iii) any directors it is proposed to appoint (iv) any other persons in accordance with whose directions the directors of the company or any of them act or will act and (v) each person who at the present time, either has an interest in or it is proposed at present will have an interest in, shares of the company having a nominal value of 10% or more of the company's total share capital and which carry voting rights - give the particulars listed at (a) to (k) below:

- D**
- (a) Full names (including any previous name or names by which known):
 - (b) Address:
 - (c) Nationality (indicating whether by birth or acquired by registration or naturalization):
 - (d) Date of birth:
 - (e) Place of birth:
 - (f) Present occupation and previous occupations during last five years:
 - (g) Particulars (including date and place) of any convictions for offences involving fraud or dishonesty in The Bahamas or elsewhere:
 - (h) Whether the person has been adjudicated bankrupt during the last ten years and particulars of any company with which the person was associated during the last ten years and which was compulsorily wound up whilst he was associated with it:
 - (i) Percentage of the share capital of the company in which the person has an interest at present or will have an interest:
 - (a) Other directorships (if any) held at present and former directorships held during the last five years; and
 - (b) Names of any other companies in which the person is entitled to exercise or control the exercise of one third or more of the voting power at a general meeting.

[*The information about the promoters of the company specified above is only required where the officers of the company have not yet been appointed].

29. In respect of the company's actuary and each of the persons who will be in charge of one or more of the following departments of the company, viz., fire, accident, life, claims, agency, investment, accounting and underwriting, by whatever title he may be known -
- (a) Full names (including any previous name or names by which

D

known):

- (b) Address:
- (c) Date of birth:
- (d) Place of birth:
- (e) Position held in applicant company:
- (f) Qualifications and experience:
- (g) Companies by which employed during the last five years and position held:
- (h) Particulars (including date and place) of any convictions for offences involving fraud or dishonesty in The Bahamas and elsewhere. (If the company's actuary is a consulting actuary the name of the partnership to which he belongs, together with any directorships he holds at present and any former directorships held during the last five years must be stated).

E. INVESTMENTS AND BANKERS

- 30. A list of the investments (under suitable headings) at present held by the company, the value of each investment at the end of the last financial year, and the method of valuation.
- 31. The categories of investments in which the insurance funds in respect of the business for which registration is being sought will be held and the approximate proportions in each category. If it is intended that any of the insurance funds will be invested in currencies other than Bahamian dollars, the approximate percentage of each fund which will be invested in each currency should be given.
- 32. Details of (a) any unpaid loans which the company has made, and (b) any loans which the company proposes to make to any officer of the company and any proposed loans to or investments in an associate company or any company in which any officer of or other person controlling the applicant company is entitled to exercise, or control the exercise of one-third or more of the voting power at any general

meeting of the company.

33. The place or places at which the documents of title in respect of the company's present investments are held, the place or places at which it is proposed to hold the documents of title in respect of the company's present and future investments, and particulars of any of the documents which are or will be held outside The Bahamas.
34. The names and addresses of all banks in which the company has accounts at present or intends to have accounts.

F. FINANCIAL YEAR AND AUDITORS

35. The date on which the company's financial year will end.
36. The name, address and qualifications of each of the company's auditors, both in The Bahamas and elsewhere.

G. DOCUMENTATION

37. The above application is required to be accompanied by the following-
- (a) Certified copies of the Memorandum and Articles of Association, or Charter, or Act of Incorporation or other instrument constituting the company;
 - (b) Certified copies of the latest audited Balance Sheet, Profit and Loss Accounts and Revenue Accounts and the aforementioned Financial Statements over the previous three financial years of the company;
 - (c) Certified copies of the latest annual report;
 - (d) Specimens of all categories of insurance policies issuable by the applicant in respect of all classes of insurance business to be undertaken in The Bahamas;
 - (e) Latest actuarial report of the company where it proposes to undertake or has undertaken any class of long-term business in The Bahamas;
 - (f) Official receipt from the Registrar-General evidencing payment of registration fee;

- D (g) A certificate signed by the Chairman, a Director and Chief Financial Officer of the company stating that the company has fulfilled the capital and solvency requirements indicated at section 25 and 78 of the Act. (Where the company undertakes any class of long-term business the certificate should also be signed by an actuary);
- (h) A detailed memorandum indicating the organization of the company and/or its agency, agencies or sub-agencies in The Bahamas. The memorandum should be signed by the Chairman of the Board of Directors, a Director and the Secretary of the company and should include therein statements pertaining to the experience and qualifications of existing staff or proposed staff in The Bahamas whether of the applicant company, its agency, agencies or sub-agencies.

APPLICATION AND CERTIFICATE OF TRUTH AND CORRECTNESS

We hereby apply on behalf of (Insurance Company) for registration under Part III of the Insurance Act, to carry on in The Bahamas insurance business of the class or classes indicated at 9 above. We certify that to the best of our knowledge and belief all the information given in this application and contained in supporting statements and documentation submitted is true and correct.

.....

Director T

.....

Director

.....

General Manager or Secretary

D

.....
Principal Officer in The Bahamas

.....
Date

NOTE TO APPLICANTS

1. The Commission must be notified of any change in the information supplied on the application form after the date of its submission. Also, if any Company changes the situation in The Bahamas of its principal office or appoints a new principal representative, it must within 21 days of the change in appointment give written notice thereof to the Commission. If after registration there is any change in the particulars specified in the application or other information supplied, the Company must notify the Commission within 30 days of each change.
2. An application for registration must be accompanied by evidence of the payment of the appropriate fee, and the appropriate deposit must be made with the Insurance Commission.
3. The Commission may upon receipt of an application request the applicant to furnish such additional information as it may consider to be relevant to the application, and may also restrict an authorisation if it appears that the applicant has furnished misleading or inaccurate information when seeking the registration.
4. Any person who for the purposes of obtaining registration gives any information which he knows to be false in a material particular or recklessly gives any information which is so false shall be guilty of an offence under the Insurance Act.

D

NO.....

Date Received

FORM A2

APPLICATION FOR REGISTRATION BY ASSOCIATION OF UNDERWRITERS
(The Insurance Act, 2005. Section 110)

Application by an Association of Underwriters for registration under Part IV of the Act to carry on in The Bahamas insurance business of a relevant class or relevant classes

A

A. PARTICULARS OF BUSINESS AND REGISTRATION REQUIRED

1. Name of the association.
2. Full address of the principal office of the association in The Bahamas where service of notice may be effected.
3. Date and place of commencement of the association.
4. Summary of main objects of association (attach statement where necessary).
5. The authorized and paid-up capital. If paid-up capital will be increased before registration under the Act, give details.
6. The amount by which the assets of the association exceed liabilities (including all contingent or prospective liabilities but not liabilities in respect of share capital).
7. The relevant class or classes of insurance business which the association carries on (a) in The Bahamas and (b) elsewhere at the present time and the amount of business undertaken outside The Bahamas.
8. Particulars of any business other than insurance business which the association carries on at present or proposes to carry on anywhere, indicating how such other business will be separated from the insurance business.

F

T

9. The class or classes of insurance business for which registration is sought. Has the association been refused permission to carry on such class (or any, and if so, which, of such classes) of insurance business in any other country?
10. If the company intends to limit its activities to insuring only some of the risks of the class or classes of business for which registration is being sought: give particulars of the risks to be insured.
11. Does the association carry on any class of long-term business with any class of general business in (a) The Bahamas (b) elsewhere. State classes involved. If, in addition to long-term business the company at present carries on in The Bahamas any class of general business other than personal accident insurance business, state the transitional period required before cessation of long-term classes or general classes, as the case may be, can be effected. (Attach statement where necessary).
12. Is the association carrying on business in The Bahamas as a broker? State whether or not the association's directors have or propose to hold any beneficial ownership in any insurance brokerage business in the Bahamas: full details should be given.

B. BUSINESS PLAN

13. The estimated amount of premium income (both gross and net of reinsurance) during each of the next three years in respect of each class of insurance business which the association will carry on, set out hereunder:

Gross			Net of Reinsurance		
Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
\$	\$	\$	\$	\$	\$

- (a) from direct insurance
in The Bahamas
- (b) from direct
insurance elsewhere
- (c) from reinsurance

D accepted in The Bahamas
(d) from reinsurance

accepted elsewhere

(e) Total (a) to (d) -----

14. The amount (if any) by which it is intended to increase the paid-up capital of the association during the next three years.

15. The sum expected to be spent during each of the next three years on new premises, office equipment, motor vehicles, etc.

16. The sum expected to be spent during each of the next three years on advertising or other methods of promoting business.

17. For each and every class of insurance business to be carried on by the association in The Bahamas during the next three years:

(a) The method or methods by which the policies will be marketed (e.g. by the association's own organization, by brokers, salesmen, agents, sub-agents or by all methods).

(b) If more than one method is proposed under (a) the expected proportions to be marketed by each method.

(c) The rates of commission which will be paid to the categories indicated at (a) above; and

(d) The extent to which and the conditions under which any of the categories at (a) will have binding authority to commit the association.

18. Where an overseas association operates or proposes to operate in The Bahamas through the medium of a local agent or agents a summary of the main arrangements pertaining to the agency agreement(s) and the extent and system of supervision and control to be exercised by, the principal. (Attach statement if necessary).

19. Where the company proposes to operate in The Bahamas on a Branch basis details of the organization and structure of the Branch arrangements. (Attach statement if necessary).

20. The way in which the settlement of claims will be handled (e.g., by

D the association, by outside loss adjusters or assessors or by other persons with authority to settle claims).

21. The association's policy and practice or proposed policy and here necessary).
22. Particulars of any association which exists between any of the brokers, agents, loss **R** adjusters or assessors and any director of the association, any director it is proposed at present to appoint, any person having a majority shareholding in the association, or any other person on whose directions the directors of the association or any of them act or will act.
23. The name of the principal officer of the association in The Bahamas.
24. The name or names of the association's agent, agents or sub-agents in The Bahamas, their address **A** or addresses and the classes of insurance business for which they will be responsible.
25. In respect of each class of business for which registration is being sought, give -
 - (a) the proposed premium rates before deduction of commission;
 - (b) the percentage of premiums **F** (net of reinsurance) which claims are expected to form and any other relevant information on which premium rates are based;
 - (c) the percentage of premium (net of reinsurance) which management expenses are expected to form;
 - (d) the proposed selection of risks; and
 - (e) attach copies of the standard forms of policies.
26. Where applications for registration to carry **T** on industrial insurance business or ordinary long-term business are being made, the information requested at (b) and (c) in paragraph 25 need not be given but the association should provide a statement of the actuarial bases of the premium rates and, in the case of equity-linked business, the proportion of premiums to be invested in or related to the fund. Applicants should also supply a certificate by an actuary stating that he considers that premium rates are satisfactory in the light of the

information disclosed in the application and that the proposed amount of capital is adequate to support the amount of business.

C. REINSURANCE CEDED

26. The nature and extent of the existing or proposed reinsurance arrangements for each class of business indicating clearly the amount of the applicant association's retention in each case. (Attach supporting statement, reinsurance treaties, etc.).
27. Names of the insurance companies or associations of underwriters which will reinsure each class of the association's business and the amount which will be reinsured by each. (Attach supporting statement, if necessary).

D. SYNDICATES OF AN EXCHANGE

28. Particulars of syndicates -
- (a) Full names (including any previous name or names by which known):
 - (b) Address:
 - (c) Nationality:
 - (d) Particulars (including date and place) of any convictions for offences involving fraud or dishonesty in The Bahamas or elsewhere:
 - (e) Whether the syndicate has been adjudicated bankrupt during the last ten years and particulars of any company or association with which the person was associated during the last ten years and which was compulsorily wound up whilst he was associated with it:
 - (f) Percentage of interest at present:
 - (g) Other associations held at present and former associations held during the last ten years; and
 - (h) Names of any other associations or companies in which the person is entitled to exercise of one third or more of the voting power at a general meeting.
29. In respect of the association's actuary and each of the persons who will be in charge of one or more of the following departments of the

D company, viz., fire, accident, life, claims, agency, investment, accounting and underwriting, by whatever title he may be known -

- (a) Full names (including any previous name or names by which known):
- (b) Address:
- (c) Date of birth:
- (d) Place of birth:
- (e) Position held in applicant company:
- (f) Qualifications and experience:
- (g) Companies by which employed during the last ten years and position held:
- (h) Particulars (including date and place) of any convictions for offences involving fraud or dishonesty in The Bahamas and elsewhere. (If the association's actuary is a consulting actuary the name of the partnership to which he belongs, together with any directorships he holds at present and any former directorships held during the last ten years must be stated).

E. INVESTMENTS AND BROKERS

- 30. A list of the investments under suitable headings at present held by the association, the value of each investment at the end of the last financial year and the method of valuation.
- 31. The categories of investments in which the insurance funds in respect of the business for which registration is being sought will be held and the approximate proportions in each category. If it is intended that any of the insurance funds will be invested in currencies other than Bahamian dollars, the approximate percentage of each fund which will be invested in each currency should be given.
- 32. Details of (a) any unpaid loans which the company has made, and (b) any loans which the company proposes to make to any officer of the company, and (c) any proposed loans to or investments in an associate company or any company in which any officer of or other person controlling the applicant company is entitled to exercise, or control the exercise of

D one-third or more of the voting power at any general meeting of the association.

33. The place or places at which the documents of title in respect of the association's present investments are held, the place or places at which it is proposed to hold the documents of title in respect of the company's present and future investments and particulars of any of the documents which are or will be held outside The Bahamas.
34. The names and addresses of all banks in which the association has accounts at present or intends to have accounts.

F. FINANCIAL YEAR AND AUDITORS

35. The date on which the association's financial year will end.
36. The name, address and qualifications of each of the association's auditors, both in The Bahamas and elsewhere.

G. DOCUMENTATION

37. The above application is hereby accompanied by the following -
- (a) Certified copies of the deeds and agreements or other instrument constituting the association;
 - (b) Certified copies of the latest audited Balance Sheet, Profit and Loss Accounts and Revenue Accounts and the aforementioned Financial Statements over the previous three financial years of the association;
 - (c) Certified copies of the latest annual report;
 - (d) Specimens of all categories of insurance policies issuable by the applicant in respect of all classes of insurance business to be undertaken in The Bahamas;
 - (e) Latest actuarial report of the association where it proposes to undertake or has undertaken any class of long-term business in The Bahamas;
 - (f) Official receipt from the Commission evidencing payment of registration fee.
 - (g) A certificate signed by the executive officers of the association

D stating that the association has fulfilled the capital and solvency requirements indicated at sections (43) and (45) of the Act. (Where the association undertakes any class of long-term business the certificate should also be signed by an actuary).

- (h) A detailed memorandum indicating the organization of the association and/or its agency, agencies or sub-agencies in The Bahamas. The memorandum should be signed by the individual syndicates and should include therein statements pertaining to the experience and qualifications of existing staff or proposed staff in The Bahamas whether of the applicant association, its agency, agencies or sub-agencies.

APPLICATION AND CERTIFICATE OF TRUTH AND CORRECTNESS

We hereby apply on behalf of (Association of Underwriters) for registration under Part IV of the Insurance Act, to carry on in The Bahamas insurance business of the class or classes indicated at 9 above. We certify that to the best of our knowledge and belief all the information given in this application and contained in supporting statements and documentation submitted is true and correct.

F

.....
General Manager or Secretary

.....
Principal Officer in The Bahamas

T

Date.....

D

FORM A3

APPLICATION FOR REGISTRATION BY INSURANCE BROKERS, AGENTS, SALESPERSONS, AND OTHER INSURANCE INTERMEDIARIES (The Insurance Act, 2005. Part V, Section 120)

R

NO

DATE RECEIVED

PART A-APPLICABLE TO INDIVIDUALS ONLY

* change where applicable.

A

1. Name of applicant

2. Business address

3. Date of birth.....Place of birth

4. Relevant classes of business for which it is hoped to carry on business as a broker* in The Bahamas..... (as defined in section 3 of the Insurance Act)

5. Are you an undischarged bankrupt?.....

F

6. If so, have you received leave by the Court by which you were adjudged bankrupt, to be an insurance broker*?.....

7. Are you registered or have you applied for registration as a salesman, agent or sub-agent under Part V of the Insurance Act?

8. Were you carrying on business as a broker* within the last 12 months?.....

T

9. If so for which class or classes of business?.....

10. Give details of all training and qualifications held (including copies of certificates, diplomas, etc.).....

11. Give full details of all experience and employment in insurance business as a broker* or in any other category (from date of entry

D to date).....

- 12. Will you be a full time or part time broker*?.....
- 13. Have you ever been convicted of any offence involving fraud or dishonesty?.....
- 14. Have you ever been dismissed by an employer for fraud or dishonesty?.....
- 15. Do you own shares in any insurance company or in any company which acts as an agent of an Insurance company?.....
- 16. If you are a member of a brokers' association or other professional body, state name.....
- 17. If you are not such a member, give reasons.....
- 18. If you, or your wife/husband or children or parents hold shares in any insurance company or any company acting as agent of an insurance company, state the name of each company, the name of the holder and the number of shares held

Declaration:

I declare that the replies given in this application form are to the best of my knowledge and belief true and correct. I further declare that no agreement relating to the preferential offer of insurance has been made between me and any person carrying on insurance business as might impair my impartiality in placing insurance business.

Signed..... Date.....

Witnessed by..... Date.....

T

Testimonial (to be signed by Justice of the Peace or Notary Public or Minister of Religion or Police Officer above the rank of Inspector)

I.....certify that..... is known to me. He/she is a person of good character and is otherwise a fit and proper person to be a broker* registered under the Insurance Act.

D

Signed.....Qualification.....

Date.....

R

A

F

T

D

PART B. APPLICABLE TO COMPANIES OR PARTNERSHIPS

(Application for registration as a broker* of a company or partnership or other body of persons)

1. Name of company or other body.....
2. Principal address in The Bahamas.....
3. Date and place of incorporation or formation.....
4. Give registration number of the company under the Companies Act, if any
5. Summary of main or proposed main objects of the company (attach statement where necessary).....
6. Amount of authorized and paid-up capital (attach latest audited Profit and Loss Account and Balance Sheet).....
7. Give names, place and date of birth of each director, manager or partner and senior officer.....
8. Class/classes of insurance business for which the company or partnership will carry on in The Bahamas business as a broker (classes as defined in section 3 of the Insurance Act).....
9. Is any director, manager or partner an undischarged bankrupt?.....
10. If so, has he(they) received leave by the Court by which he (they) were adjudged bankrupt to carry on business as an insurance broker in The Bahamas?.....
11. Does any director, partner, manager or senior officer of the organization hold shares in an insurance company or a company which is an agent for an insurance company?.....
12. Give details.....

- 13. Was the company carrying on business within the last 12 months as insurance brokers in The Bahamas?.....
- 14. If so for which relevant classes of insurance business?.....
- 15. Give details of all training and qualifications held by each director manager or partner including copies of certificates, diplomas, etc.).....
- 16. Has any director, partner, manager, or other senior officer ever been convicted of any offence involving fraud or dishonesty?
.....
- 17. Has any director, partner, manager, or other senior officer ever been dismissed by an employer for fraud or dishonesty?.....
.....

Declaration: (to be signed by each director, manager, or partner as the case may be).

We the undersigned, being directors, managers or partners of declare that the replies given in this application form are to the best of our knowledge and belief true and correct.

We further declare that no agreement relating to the preferential offer of insurance has been made between (names of company, partnership, etc.) and any person carrying on insurance business as might impair our impartiality in placing insurance business.

Signed..... Date.....
.....Date
.....Date.....

D.....Date.....

R

A

F

T

D

PART C: APPLICABLE TO CORPORATE AGENT

1. Name and date of birth of manager, controlling director, partner, etc., as the case may be:.....
2. Principal address (addresses) in The Bahamas
3. Name(s) of insurance company (or companies) for which applicant is to be a registered agent.....
4. Principal office (offices) in The Bahamas of company (companies) named in 3 above
5. Is/are the company/companies registered under the Insurance Act to carry on insurance in The Bahamas?.....
6. Relevant classes for which the insurance company/companies at above is/are registered (Note "classes of insurance business" mean the relevant classes of business as identified and defined in section 3 of the Insurance Act).....
7. Submit certified copy of power of attorney from each insurance company you propose to represent.
8. Is applicant or any director, manager or partner or senior officer of the applicant body an discharged bankrupt?
9. If so, has he received leave by the Court by which he was adjudged bankrupt, to be an insurance agent.....
10. Give documentary proof of leave.
11. Is applicant registered as a broker or has he (or the body of persons) applied for-registration as a broker under Part V of the Insurance Act?
12. Did the applicant carry on business as an agent within the last 12

D
months?

- 13. If so, state for which company or companies and for which class or classes of business.
- 14. Submit certified copy of agency agreement with insurance company or principal agent. Give summary of each such agreement and state commissions payable or other method of remuneration.....
- 15. Give details of shareholding or interest in any insurance brokerage business or undertaking of each member of staff, including directors and partners and their immediate families
- 16. Give details of all training and qualifications held (including copies of certificates, diplomas, etc.) by applicant or each director, manager or partner or senior officer of the applicant body
- 17. Give details of experience as an insurance agent or sub-agent, e.g., number of years, class of business, name of companies, etc. In the case of a partnership or company applying for registration give details of experience and employment of senior staff attached to organization
- 18. Has any director, partner, manager, senior officer or individual applicant been convicted of an offence involving fraud or dishonesty? If so give details
- 19. Submit latest agency returns made to the insurance company or principal agent and also latest audited Profit and Loss Account and Balance Sheet of the applicant organizations.
- 20. Give detailed list of all assets and liabilities held (and places where held) for the relevant insurance company (or companies) or principal agent in respect of which your agency registration application pertains. This list should be certified by an auditor and should be for a period not earlier than three months before the date of application.
- 21. The names and addresses of all the banks in which the applicant has accounts. All bank accounts in which the funds are beneficially owned

D by the insurance company (companies) or principal agents to which your agency registration application pertains should be stated separately. The nature of the applicants use or control of all assets and bank accounts of his principals existing in The Bahamas should be indicated in detail

R

Declaration:

I/We the undersigned declare that the replies given in this application form are to the best of my/our knowledge and belief true and correct.

Signed..... Date.....

..... Date.....

..... Date.....

Testimonial: (To be signed by a Justice of the Peace or Notary Public or Minister of Religion or Police Officer above the rank of Inspector, or a Resident Magistrate)

I..... certify that

is known to me. He/She is a person of good character and is otherwise a fit and proper person to carry on business as an agent or to occupy the position of.....(specify the position held, e.g., manager, controlling director, partner, etc.) with the police officer above the rank of Inspector or Resident Magistrate).....(name of agency or where a body of persons).

Signed **D**.....

(capacity of individual signing testimonial should be indicated i.e. Justice of the Peace, Notary Public, Minister of Religion Police Officer above the rank of Inspector or Resident Magistrate)

Date.....

R

A

F

T

D

PART D-APPLICABLE TO INSURANCE SALESPERSONS/TECHNICAL REPRESENTATIVES

1. Name of applicant:.....
2. Date of birth:.....
3. Present occupation:.....
4. Address:.....
5. Name of company, insurance agent for which applicant is/will be a salesperson:.....
6. Address of principal office in The Bahamas of company or agent for which applicant is/will be a salesperson:
7. Class / Classes of insurance business that applicant will sell (Note "classes of insurance business" mean the relevant classes of business as identified and defined in section 3 of the Insurance Act):.....
8. Places of employment during last 10 years:.....
9. Are you a member of any association of insurance salespersons?.....
(Name of association if any).....
10. Were you such a member and ceased being one?.....
11. Have you applied for membership in such an association?.....
12. If you hold any shares in any insurance company or any company carrying on business as an insurance broker, agent or sub-agent state-
Name of company:.....
13. Number of shares held by you.....
14. Class/Classes of business which company is registered under the Insurance Act to carry on in The Bahamas:.....
15. Are you an undischarged bankrupt?.....
16. If so, have you received leave (by the Court by which you were Adjudged bankrupt) to be an insurance salesperson?.....
17. Are you registered as a broker (or have you applied for

D registration as a broker) under Part V of the Insurance Act?
.....

19. Were you an insurance salesperson within the last 12 months?.....
.....

20. If so, with what company and for which class or classes of
business?.....

21. Give details of all training and qualifications held (attaching
copies of certificates, diplomas, etc.):.....

22. Give details of experience as insurance salesperson, such as, number
of years, classes of business, name of companies and years during which
employed by each company, etc., and whether or not dismissed from any
of the named companies and reasons for such dismissal

23. Will you be a full time or part time salesperson?

24. Have you ever been convicted for an offence involving fraud or
dishonesty? IF SO, give details

25. Have you ever been dismissed by an employer for fraud or dishonesty?
.....

Declaration:

I declare that the replies given in this application form are to the best of
my knowledge and belief true and correct.

Signed:..... Date:.....

Signature witnessed by:.....

Date:.....

Testimonial (to be signed by a J.P., Minister of Religion, Notary Public,
Attorney-at-Law or Police Officer not below the rank of Assistant

Superintendent).

D

I.....certify that.....is known to me. He/She is a person of good character and is otherwise a fit and proper person to be a salesperson under the Insurance Act.

Signed:.....

R

(J.P./Minister of Religion/Notary Public/Attorney-at-Law/Police Officer not below the rank of Assistant Superintendent).

Date:.....

A

Note: This application should be accompanied by a signed statement by the principal officer in The Bahamas of the company for which the applicant works/will work that the applicant is or will be a salesperson for that company.

F

T

D

THE INSURANCE COMMISSION OF THE BAHAMAS

FORM B1

(The Insurance Act, 2005 Section 19)

R

REGISTER OF INSURANCE COMPANIES

Entry in Register		Registered Insurance Company	Certificate of Registration	Conditions of Registration	AGENCY ARRANGEMENTS (if any)	Cancellation	
NO	DATE	NAME	ADDRESS	NUMBER	(1) ATTORNEY AND/OR PRINCIPAL OFFICER	(2) NAME AND ADDRESS OF AGENTS	CHANGES IN AGENCY ARRANGEMENTS (i.e.) DATE GROUNDS

T

D

THE INSURANCE COMMISSION OF THE BAHAMAS
FORM B2

(The Insurance Act, 2005. Section 19)

R
REGISTER OF ASSOCIATIONS OF UNDERWRITERS

NO:

NAME OF ASSOCIATION:				
ADDRESS:				
NO. OF APPLICATION N	DATE OF APPLICATION	CLASS OR CLASSES OF BUSINESS AUTHORISED	DATE REGISTERED	REMARKS

F

T

D

THE INSURANCE COMMISSION OF THE BAHAMAS
FORM B3

(The Insurance Act, 2005 Section 19)

R

REGISTER OF BROKERS

ENTRY IN REGISTER		REGISTERED BROKERS		CERTIFICATE OF REGISTRATION		CONDITIONS OF REGISTRATION	CLASSES OF INSURANCE FOR WHICH REGISTERED	CANCELLATION	
NO.	DATE	NAME	ADDRESS	DATE	NUMBER			DATE	GROUNDS

F

T

D

THE INSURANCE COMMISSION OF THE BAHAMAS
(section 19, The Insurance Act, 2005)

FORM B4

R REGISTER OF AGENTS/SUB-AGENTS

Registered Agents* etc.				Certificate of Registration		Condi- tions of Registr- ation	Classes of Insur- ance for which Regist- ered	Tenure of agency or Sub- Agency				CANCELLA- TION	
ENTRY IN REGISTER		NAME		ADDRESS	DATE	NUMBER		NAME OF PRINCIPAL		DATE		DATE	GROUND
No.	Date	Agent	Sub- Agent					Insur- ance Company	Princ- pal agent	Begin- ning	Termi- nation		

* Replace Agent with Sub-Agent or Managing General Agent as required

T

D

**THE INSURANCE COMMISSION OF THE BAHAMAS
FORM B5**

**REGISTER OF SALESPERSONS, ADJUSTERS, CONSULTANTS AND
CHIEF EXECUTIVE, TECHNICAL REPRESENTATIVE
(section 19, The Insurance Act, 2005)**

R

Entry in Register		Registered (STATE WHICH CATEGORY)		Certificate of Registration		Conditions of Registration	Classes of Insurance for which registered	Whether or not authorized to sell equity linked Insurance and Conditions of Authorization	Company, broker, Agent or Sub-Agent with which Employed		CANCELLATION	
No.	Date	Name	Address	Date	Number				Name of Company Agent or Sub-Agent	Period of Employment	Date	Grounds

A

F

T

D

THE INSURANCE COMMISSION OF THE BAHAMAS
FORM C1
(The Insurance Act, 2005 Section 29)
CERTIFICATE OF REGISTRATION OF AN INSURANCE COMPANY

Registration No.....

This is to certify that.....whose principal office
(Name of company)
in The Bahamas is situated at has been
(address of principal office)
registered to carry on in The Bahamas the following classes of insurance
business

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

The registration of the company is subject to the following conditions:

- 1.
- 2.
- 3.
- 4.

(See attachment where above space is inadequate)

Dated this..... day of.....20

.....T

D

THE INSURANCE COMMISSION OF THE BAHAMAS

THE INSURANCE COMMISSION OF THE BAHAMAS
FORM C2

(The Insurance Act, 2005 Section 124)
CERTIFICATE OF REGISTRATION OF INSURANCE AGENT AND SUB-AGENT

R

Registration No.....

Effective date of certificate.....
(Name)

This is to certify that.....whose address in The Bahamas
is..... has been registered to carry on insurance business
(Address)

in The Bahamas asfor and on behalf of
..... in respect to
(Name and address of Insurance Company or Principal Agency)
the following class or classes of insurance business:

A

- 1.
- 2.
- 3.

The registration specified herein is subject to the following conditions -

- 1.
- 2.
- 3.

F

(See attachment where above space is inadequate)

Dated this..... day of.....20

T

.....
THE INSURANCE COMMISSION OF THE BAHAMAS

D

**THE INSURANCE COMMISSION OF THE BAHAMAS
FORM C3
(The Insurance Act, 2005, section 124)
CERTIFICATE OF REGISTRATION OF INSURANCE INTERMEDIARY**

(Applicable to Brokers or Salespersons, Adjusters, Risk managers, Insurance Consultants, Chief Executive and Technical Representative)

R

Registration No.....

Effective date of certificate.....

This is to certify that.....whose address in The
(Name of broker, salesperson, adjuster,
insurance consultant, chief executive or
technical representative)

Bahamas is.....has been registered to carry on insurance
(Address)

business in The Bahamas as.....
(Indicate whether broker or sales representative,
adjuster, insurance consultant, chief executive,
or technical representative)

in respect of the following class or classes of insurance business:

- 1.
- 2.
- 3.

The registration specified herein is subject to the following conditions-

- 1.
- 2.
- 3.

(See attachment where above space is inadequate)

Dated this..... day of.....20

T

.....
THE INSURANCE COMMISSION OF THE BAHAMAS

D

THE INSURANCE COMMISSION OF THE BAHAMAS
FORM D1

(The Insurance Act, 2005 Section 131)
TERMINATION OF AGENTS, CHIEF EXECUTIVE,
TECHNICAL REPRESENTATIVE AND SALES PERSONS

PART A

Notice of Termination of Employment
(To be given by person terminated)

1. Name and registration number.....
2. Name of Insurance company, broker or agency whose employment has been vacated and registration number of same.....period of the employment which is now terminated. From..... to.....
3. Date of and reason for termination of employment.
4. Classes of insurance for which individual has been registered.
5. Have all commissions or other forms of remuneration due to you as a been received from the insurance company, broker or agency whose employment you have just left? If not, how much remains unpaid?
6. Have any funds or moneys collected by you been fully remitted to and accounted for to the insurance company, broker or agency whose employment you have just left? If not, how much remains outstanding?
7. State any other material facts not covered by the above items.
8. The above is a true and correct statement of the facts pertaining to the termination of my employment with

(Name of insurance Company
or Name of Agency)

.....
Signature

.....
Date

PART B
Notice of Termination of Employment

(To be given by insurance company, broker or agency)

1. Name and registration number of insurance company, broker or agency.
2. Name and registration number of insurance salesperson whose employment has just been terminated.
3. State reason for termination of employment of salesperson named at 2 above.

Indicate period of time during which salesperson has been employed with you.

From:..... To:.....

4. Have all commissions or other remuneration due to salesperson been paid? If not, indicate action being taken to effect settlement.
5. Have all moneys and funds collected by salesperson and due to you have been handed over? If not, indicate action being taken to pay the outstanding amount.
6. State classes of insurance business undertaken by insurance company, broker or agency. Also state class or classes of insurance which salesperson was selling on your behalf.
7. Would you re-employ the salesperson named at 2 above? Give reasons for your answer.
8. State any other material facts not covered by above items.

The above is a true and correct statement of the facts pertaining to the termination of employment of

(Name of Salesperson)

All pertinent and material facts have been given.

.....
Signature of Director of Insurance
Company, Broker, or Agency and date

.....
Signature of Director of Insurance
Company, Broker, or Agency and date

D

.....
Signature of Secretary of Insurance
Company, Broker or Agency and date

R

A

F

T

D

THE INSURANCE COMMISSION OF THE BAHAMAS

FORM D2

NOTIFICATION OF THE NEW EMPLOYMENT
OF A TECHNICAL REPRESENTATIVE/SALESPERSON
(The Insurance Act, 2005 - Section 131)

R

TO: COMMISSION

This is to inform you that *I/WE *has/have been engaged by
.....to conduct the business of a Technical representative/an
Insurance Salesperson with effect from

A

.....
Signature

F
.....
Position held

*Delete whichever is not applicable.

T

D

**THE INSURANCE COMMISSION OF THE BAHAMAS
FORM F
QUARTERLY RETURN BY LIFE AND HEALTH INSURERS
(THE INSURANCE ACT, 2005 - SECTION 213)**

Revenue and Premium Tax Report

As at

(Quarter ending)

Quarterly Returns of registered insurers shall be submitted to the Commission within four (4) weeks of the end of each calendar quarter (i.e. March, June, September and December).

Note that Annuities and Pensions are exempt from the 3% Premium Tax.

Name of Insurer:.....

Address:.....

Insurer's National Insurance No:.....Telephone No:.....Fax

No:.....

	NO. OF POLICIES	TOTAL \$ VALUE	FIRST YEAR GROSS PREMIUM	RENEWAL GROSS PREMIUMS	TOTAL GROSS PREMIUM S	3% PREMIUM S TAX
I. ORDINARY LIFE						
ANNUITIES*						
HOSPITALIZATION						
ACCIDENT & SICKNESS						
AD & D						
II. GROUP LIFE						
HEALTH						
III. PENSION						
IV. DENTAL						
V. OPTICAL						
VI. INDUSTRIAL LIFE						
ACCIDENT & SICKNESS						
HOSPITALIZATION						
AD & D						
OTHER						
TOTAL						

Name & Title of Reporting Officer:

Date:

Note: Categories exempted from 3% Premium Taxes: Annuities & Pension

D

**THE INSURANCE COMMISSION OF THE BAHAMAS
FORM G
QUARTERLY RETURN BY LIFE AND HEALTH INSURERS
(THE INSURANCE ACT, 2005 - SECTION 213)**

Claims settled Report

As at.....
 (Quarter ending)
 Name of Insurer:.....
 Address:.....
 Insurer's National Insurance No.....
 Telephone No.:..... Fax No.:.....

Classes of Insurance Business	Maturities		Surrenders		Deaths		Lapses		Others	
	Total \$Amt.	No.	Total \$Amt.	No.	Total \$Amt.	No.	Total \$Amt.	No.	Total \$Amt.	No.
CLAIMS SETTLED (A) ORDINARY Life										
Annuities										
Accident & Sick Hospitalization										
A D & D										
(B) GROUP Life										
Health										
(C) PENSION Life										
(D) INDUSTRIAL Life										
Accident & Sick Health										
Hospitalization										
TOTAL(S)										
(E) DENTAL										
(F) OPTICAL										
Hospitalization										
Group Life										
Group Health										
TOTAL(S)										

Name & Title of Reporting Officer:.....
 Date:.....

D

**THE INSURANCE COMMISSION OF THE BAHAMAS
FORM H
QUARTERLY RETURN BY LIFE AND HEALTH INSURERS
(THE INSURANCE ACT, 2005 - SECTION 213)**

Claims Outstanding Report

As at.....

(Quarter ending)

Name of Insurer:.....

Address:.....

Insurer's National Insurance No.....

Telephone No.:..... Fax No.:.....

CLASSES OF INSURANCE BUSINESS	MATURITIES		SURRENDERS		DEATHS		LAPSES		OTHERS	
	Total \$ Amt.	No.	Total \$ Amt.	No.	Total \$ Amt.	No.	Total \$ Amt.	No.	Total \$ Amt.	No.
CLAIMS SETTLED										
(A) ORDINARY Life										
Annuities										
Accident & Sick Hospitalization										
A D & D										
(B) GROUP Life										
Health										
(C) PENSION Life										
(D) INDUSTRIAL Life										
Accident & Sick Health Hospitalization										
TOTAL (S)										
(E) DENTAL										
(F) OPTICAL										
Hospitalization										
Group Life										
Group Health										
TOTAL (S)										

Name & Title of Reporting Officer:.....

Date:.....

D

**THE INSURANCE COMMISSION OF THE BAHAMAS
FORM I
QUARTERLY RETURN BY PROPERTY & CASUALTY INSURERS
(THE INSURANCE ACT, 2005 - SECTION 213)**

Revenue & Premium Report

As at.....
 (Quarter ending) **R**
Name of Insurer:.....
Address:.....
Insurer's National Insurance No......
Telephone No.:..... **Fax No.:**.....

CLASSES OF INSURANCE BUSINESS	NO. OF POLICIES	TOTAL \$ VALUE	FIRST YEAR GROSS PREMIUM	TOTAL \$ GROSS PREMIUMS	3% PREMIUM TAX
ACCIDENT		A			
AVIATION					
CONTINGENCY					
LIABILITY					
MARINE, AVIATION & TRANSIT			F		
MOTOR					
PROPERTY					
OTHER				T	
TOTAL (S)					

The classes of insurance business are to be further categorised in N.B.

accordance with Section 3 of the Act.

Name & Title of Reporting Officer:.....
Date:.....

D

**THE INSURANCE COMMISSION OF THE BAHAMAS
FORM J
QUARTERLY RETURN BY PROPERTY & CASUALTY INSURERS
(THE INSURANCE ACT, 2005 - SECTION 213)**

Claims Settled/Outstanding Report

As at.....

(Quarter ending)

Name of Insurer:.....

Address:.....

Insurer's National Insurance No.....

Telephone No.:..... Fax No.:.....

R

CLASSES OF INSURANCE BUSINESS	NO. OF NEW CLAIMS REPORTED IN QUARTER	TOTAL \$ VALUE OF CLAIMS *	TOTAL \$ AMOUNT SETTLED +	TOTAL \$ AMOUNT OUTSTANDING +	TOTAL \$ AMOUNT OUTSTANDING MORE THAN 2 QUARTERS
ACCIDENT					
AVIATION					
CONTINGENCY					
LIABILITY					
MARINE, AVIATION & TRANSIT					
MOTOR					
PROPERTY					
OTHER					
TOTAL (S)					

A

F

T

N.B.* Includes outstanding from previous Quarter.
claims whenever reported.

+ Figure for all

Classes of insurance business are to be further categorised in accordance with section 3 of the Act.

Name & Title of Reporting Officer:.....

Date:.....

R

A

F

T

D (b) We confirm that our professional indemnity insurance in respect of our activities is current and in the amount of \$....., and we enclose evidence of the same.

(c) We confirm that the information set out in the application for our Broker's licence, as modified by subsequent notifications of changes in accordance with section 120 of the Insurance Act, 2005, remains correct and gives full disclosure as to the nature and practice of our business.

(d) We confirm that the information in section 1 above is the true details of the premium income, by lines of business, placed with the insurers listed under section 1 (a) above, and the details of commissions paid.

3. **Declaration (Agents)**

(a) We confirm that we are currently acting for the following companies:

- (i)
- (ii)
- (iii)
- (iv)
- (v)

(b) We confirm that relevant agency agreements, guarantees, and professional indemnity insurance as required under section XX and section 120 of the Insurance Act, 2005, are current.

(c) We confirm that the information set out in the application for our agency licence, as modified by subsequent notifications of changes in accordance with Section 120 of the Insurance Act, 2005, remains correct and gives full disclosure as to the nature and practice of our business.

(d) We enclose a list of sub-agents authorized to solicit business on our behalf.

(e) We confirm that we have carried out due diligence checks on the listed insureds as required by the relevant anti-money laundering laws.

Signed:.....
Name (in capitals):.....
Position held:.....
Date:.....

R

A

F

T

(THE INSURANCE ACT, 2005 - SECTION 52)

D

The Annual Industry Data Report of a registered insurer shall be completed by the Company's Financial Controller or Accountant and submitted to the Commission within eight (8) weeks at the end of each calendar year. Information provided relate to the relevant year.

R

Annual Industry Data Report is being completed as (tick appropriate space)

SUBSIDIARY ()

BRANCH ()

As at:.....

(Year end)

Name of Insurer:.....

Address:.....

Insurer's National Insurance No:.....

Telephone No:..... Fax No:.....

CLASSIFICATION

\$

A. Total Assets

B. Total Admitted Assets

C. Total Investment Assets

D. Composition of Investment Assets

(i) Statutory Deposit

(ii) Call Accounts

(iii) Fixed & Certificate of Deposit

(iv) Mortgage Loans

(v) Policy Loans

(vi) Government T'Bills

(vii) Government Registered Stock

(viii) Other Investments

E. Total Liabilities

F. Unpaid Claims & Claims Expenses

G. Unearned Premiums

H. Policyholders' Reserves

List class (e.g.) Life

A

F

T

D

Health
Dental
Annuities
Accident & Health
Pensions

- I. Shareholders' Equity & Surplus Accounts
 - (i) Authorized Capital
 - (ii) Issued & Fully-paid Capital
 - (iii) Additional Paid-in Capital
 - (iv) Retained Earnings
 - (v) Other Reserves
 - (Vi) Unrealized Appreciation (Revaluation)
- J. Adjusted Shareholders' Equity & Surplus Accounts
- K. Gross Premiums
 - 1. Individuals

F

T

- D
 - (i) Life
 - (ii) Annuities
 - (iii) Pensions
 - (iv) Sick & Accident
 - (v) Hospitalization
 - (vi) A D & D
 - (vii) Dental
 - (viii) Optical
 - (ix) Other
- 2. Groups
 - (i) Life
 - (ii) Health
 - (iii) Other
- 3. Total Gross Premiums
- L. 1. Reinsurance
 - (i) Ceded
 - (ii) Recovered
- 2. Due to Reinsurers
- M. Commissions
 - 1. Commission Paid
 - 2. Commission Received
- N. Net Premiums
- O. Total Investment Income
- P. Gross Income
- Q. Net Income
- R. Dividend Income
 - (i) Declared
 - (ii) Paid-Out
- S. Funds Repatriated
 - (i) First Quarter
 - (ii) Second Quarter
 - (iii) Third Quarter
 - (iv) Fourth Quarter

D Name & Title of Reporting Officer:.....

Date:.....

R

A

F

T

D

THE INSURANCE COMMISSION OF THE BAHAMAS
FORM M
ANNUAL INDUSTRY DATA REPORT -
PROPERTY & CASUALTY INSURERS
(THE INSURANCE ACT, 2005 - SECTION 52)

Annual Industry Data Report is being completed as (tick appropriate space):

SUBSIDIARY () R
BRANCH ()

As at (Year end)

- 1. Name of Insurer:.....
- 2. Address:.....
- 3. Insurer's National Insurance No:.....
- 4. Telephone No:..... Fax No:.....

A

CLASSIFICATION

\$

- A. Total Assets
- B. Total Admitted Assets
- C. Total Investment Assets
- D. Composition of Investment Assets
 - (i) Statutory Deposit
 - (ii) Call Accounts
 - (iii) Fixed & Certificate of Deposit
 - (iv) Mortgage Loans
 - (v) Policy Loans
 - (vi) Government T'Bills
 - (vii) Government Registered Stock
 - (viii) Other Investments
- E. Total Liabilities
- F. Unpaid Claims & Claims Expenses
- G. Unearned Premiums
- H. Policyholders' Reserves (List type)
- I. Shareholders' Equity & Surplus Accounts
 - (i) Authorized Capital

F

T

- (ii) Issued & Fully-paid Capital
- (iii) Additional Paid-in Capital
- (iv) Retained Earnings
- (v) Reserves
- (vi) Unrealized Appreciation (Revaluation)
- J. Adjusted Shareholders' Equity & Surplus Accounts
- K. Gross Premiums
 - (i) Accident
 - (ii) Aviation
 - (iii) Contingency
 - (iv) Liability
 - (V) Marine
 - (vi) Motor
 - (vii) Property
 - (viii) Other
- L. 1. Reinsurance
 - (i) Ceded
 - (ii) Recovered
 2. Due to Reinsurers
- M. Commissions
 - 1. Commission Paid
 - 2. Commission Received
- N. Net Premiums
- O. Total Investment Income
- P. Gross Income
- Q. Net Income
- R. Dividends
 - (i) Declared
 - (ii) Paid-Out
- S. Funds Repatriated
 - (i) First Quarter
 - (ii) Second Quarter

- D** (iii) Third Quarter
- (iv) Fourth Quarter

Name & Title of Reporting Officer:.....
Date:.....

R

A

F

T

D

**THE INSURANCE COMMISSION OF THE BAHAMAS
FORM N
ANNUAL ECONOMIC CONTRIBUTION REPORT
(The Insurance Act, 2005 -- Section 52)**

This report shall be completed by each entity registered with the Insurance Commission and shall be submitted to the Commission within eight (8) weeks at the end of each calendar year.

Information provided shall relate to the relevant year.

1. Document being completed as (tick appropriate space):

- Life & Health Insurer ()
- Property & Casualty Insurer ()
- Insurance Agent ()
- Insurance Broker ()
- Loss Adjustor/Assessor ()
- Insurance Surveyor ()
- Third Party Administrator ()
- Sub-Agent ()
- Sub-Broker ()
- Other ()

2. Name:.....

(Name of company or individual making the report)

3. Address:.....

4. National Insurance No.:.....

5. Telephone:..... Fax No:.....

6. Number of Persons Employed

- (i) Bahamian
- (ii) Non-Bahamian

7. Operational Costs Bahamian Non-Bahamian

- (i) Remuneration
 - (a) Direct Salary
 - (b) Commissions
 - (c) Bonus
- (ii) Total National Insurance contributions

A

F

T

- (iii) Government Fees
 - (a) Licence
 - (b) Company Registration
 - (c) Work Permits
 - (d) Premium Taxes
 - (e) Other (specify)
- (iv) Staff Training & Development
- (v) Computerization
- (vi) Other Administration Costs
- (vii) Technical support/Management Fees

8. Capital Expenditure

- (i) Real Estate
 - (a) Building
 - (b) Property/Land
- (ii) Renovation Expenses
- (iii) Construction
- (iv) Equipment
- (v) Other Fixed Assets

Name & Title of Reporting Officer:

Date:

T

D

THE INSURANCE COMMISSION OF THE BAHAMAS
FORM O
AUDITED FINANCIAL STATEMENTS
(The Insurance Act, 2005 - Section 60)
REGISTERED INSURERS

1. Registered insurers shall submit to the Commission audited financial statements, prepared in the prescribed form and manner, not later than four (4) months after its fiscal/financial year end.
2. Every audited financial statement shall relate to the relevant year and should include -
 - (a) such statements as:
 - (i) Balance Sheet,
 - (ii) Income (full expense & earnings), and
 - (iii) Cash Flow;
 - (b) Notes to the Financial Statements; and
 - (c) Annual Report.
3. The Annual Report shall include the following documents -
 - (a) In every case a cover sheet giving:
 - (i) the name of the insurer;
 - (ii) the period covered therein; and
 - (iii) the nature of the insurance business carried on by the insurer;
 - (b) The auditor's report in pursuance of section 62 of the Act.
 - (c) A statement signed by two Directors and the appointed auditor declaring the solvency of the insurer in accordance with the Act and Regulations.
 - (d) Where the insurer carried on life and health business, the actuary's report in pursuance of section 64 of The Act.
 - (e) The Anti-Money Laundering Compliance Report.

4. The audited financial statements are to be prepared in accordance with accounting principles generally accepted and should include:

- (a) such information and accounts as:
 - (i) those outlined in the Annual Industry Data Report.
 - (ii) use of bank overdraft facilities by the insurer(if applicable);
 - (iii) details of the investment portfolio a sectorial analysis (commercial/residential) of the mortgage account(s) with such sections' aging schedule;
 - (iv) an analysis of fixed asset items and their individual net values for the year;
 - (v) an aging schedule for all account receivable asset items and information on collateral, if any;
 - (vi) the amount of unearned premiums;
 - (vii) the amount of unpaid claims;
 - (viii) reinsurance ceded;
 - (ix) reinsurance recovered;
 - (x) reinsurance balance receivable and/or payable;
 - (xi) Commissions paid (analyzed between agents, salespersons; adjustors, etc.,) and commissions received (including profits/underwriting commissions);
 - (xii) Policyholders Reserve giving increase(decrease) in Policy Reserves (Actuarial Liabilities):

Reserve at beginning of year Current Year Previous Year

- (aa) Life & Health;;
- (bb) Annuities;
- (cc) Accident & Health;
- (dd) Dental;
- (ee) Optical.

Total Increase (Decrease) in Policy Reserves

D

Policyholders Reserves-end of year.

(xiii) Capital & Surplus i.e. Current Year Previous Year

1. Capital Account:

Capital Stocks

Authorized..... shares of \$ each

Issued and fully paid..... shares of \$.....

R

each

(a) contributed surplus

(b) any other fixed capital

(c) total Primary Capital

2. Surplus:

(a) Surplus-Beginning of Year \$

(b) Add: Income for the year

(c) Less: Dividends paid and payable

(d) Add (Deduct) change in unrealized appreciation (depreciation) of investments

(e) Add (Deduct) change in non-admitted assets

(f) Add (Deduct) change in appraisal of real estate

(g) Add (Deduct) change in any other surplus

(h) Surplus - End of Year \$

3. Total Capital and Surplus

(xiv) The currency in which the financial statements are prepared.

T

D

INSURANCE COMMISSION OF THE BAHAMAS
FORM P
THE FORM OF THE ACTUARY'S CERTIFICATE
(section 62 of the Act)

This Certificate is prepared in accordance with the provisions of the Insurance Act, 2005 in respect of the life and health insurance business of ...

In my opinion:

1. the methods and procedures used in the verification of the valuation data are sufficient and reliable, and fulfill the required standards of care;
2. the rate or rates of interest, and the rate or rates of mortality, accident, sickness or other contingencies used in calculating the actuarial and other policy liabilities are appropriate to the circumstances of the insurer and the policies in force;
3. the Appointed Actuary may use the style of Certification that is established by professional organization of which he/she is a fellow and or member or adopt that which is outlined below;
4. the methods used to calculate the actuarial and the other policy liabilities are appropriate to the circumstances of the company and of the said policies and claims;
5. the valuation of actuarial and other policy liabilities has been made in accordance with generally accepted actuarial practice [with such changes as determined and any directions made by the Superintendent];
6. the valuation is appropriate under the circumstances of the company and the financial statements fairly reflect its results; and
7. having regard for the results of the investigation performed pursuant to section 114 of the Act, the value of actuarial and other policy liabilities, when taken together with the total capital available makes

D good and sufficient provisions for all unmatured obligations under the terms of the policies in force.

.....
ACTUARY

.....
DATE

R

Made this day of , 2009

A

Superintendent of Insurance

F

T