

ARRANGEMENT OF SECTIONS

REGULATIONS MADE UNDER SECTION 80

The Council of Ministers, in exercise of the powers vested in it by section 80 of the Insurance Companies Laws of 1984 to 1990, makes the following Regulations:

PART I: GENERAL PROVISIONS

Short Title

1. These Regulations may be cited as the Insurance Companies Regulations of 1990.

Interpretation

2. Unless the context otherwise requires, the words and terms contained in these Regulations shall bear the meaning conferred to them, by the Law.

Schedule Forms and Tables

3. The Forms and the Tables of Insurance Premiums set out in the Schedule to these Regulations shall be used for the purposes specified in the Law and the particulars contained therein are hereby prescribed as the particulars required by the Law.

Annual Accounts and Balance Sheet

4.

- 1) The revenue account to be prepared annually in accordance with section 25 of the Law, shall be in Form, 1A, 1B, 1C, 1D, 1E, 1F, 1G or 1H, as the case may be, set out in Part One of the Schedule:
 - a) Provided that where sinking fund business is carried on and the receipts thereof are not combined with those of life assurance business, the income and expenditure thereof shall be stated in like manner in separate accounts, and any additional business (including employers' liability insurance business transacted out of the Republic) shall be shown in a separate inclusive general account.
- 2) The profit and loss account and balance sheet to be prepared annually by every insurance company, in accordance with section 25 of the Law, shall be in the Forms Nos. 2 and 3, respectively, set out in Part One of the Schedule.
- 3) The income and expenditure account of every insurance company not trading for profit, provided in section 25 of the Law, shall be prepared in the Form No. 2 set out in Part One of the Schedule or in the nearest, in the circumstances, form.
- 4) All accounts contained in the accounts and balance sheet prepared under these Regulations

shall be shown in the currency of the Republic to the nearest pound and the rate of exchange at which sums have been converted from other currencies into the currency of the Republic for the purpose of compiling the accounts shall be stated in the form of a note annexed thereto:

- a) Provided that the Superintendent may accept accounts and balance sheet at which the total sums are shown in the nearest thousand pounds if it is made to appear to him that this is allowed by the special circumstances.
- 5) The profit and loss accounts and balance sheets prepared under this Regulation shall, within six months of the close of the period to which they relate, be published by the insurance company in the official Gazette of the Republic and in one daily newspaper:
- a) Provided that, if it is made to appear to the Superintendent that the circumstances are such that an extension of the period of six months should be allowed, the Superintendent may, at his discretion, extend that period.

Certificates as to Solvency

5. There shall be included in every balance sheet prepared under section 25 of the Law a Certificate in the Form No. 4A, 4B or 4C, as the case may be, set out in Part One of the Schedule, signed by the persons indicated on the respective Form.

Abstract of Actuary's Report

6. The abstract of the actuary's report on an investigation carried out by him into the financial condition of a company carrying on long term business, provided in paragraph (b) of subsection (1) of section 26 of the Law, shall be in the Form No. 5A or 5B, as the case may be, set out in Part One of the Schedule:

Provided that where sinking fund business is carried on and the receipts thereof are not combined with those of life assurance business, a separate statement signed by the actuary shall be furnished, showing the total number of policies valued, the total sums assured and the total office yearly premiums, and also showing the total net liability in respect of such business and the basis on which such liability is calculated.

Statement of Long Term Insurance Business

7. The statement of a company's insurance business at the date to which its accounts are made up for the purposes of an investigation into its financial condition, provided in subsection (2) of section 26 of the Law, shall be in the Form No. 6A or 6B, as the case may be, set out in Part One of the Schedule:

Provided that where sinking fund business is carried on and the receipts thereof are not combined with those of life assurance business pursuant to subsection (4) of section 24 of the Law, a separate statement, signed by the actuary, shall be furnished showing the total sums assured maturing in each calendar year, and the corresponding premiums.

Statement of Business by Insurance Companies

8. Section 27 of the Law applies to every insurance company carrying on long term and short term business that is to say Life Assurance business, Industrial Assurance business, Bond Investment business and Sinking Fund business, Accident Insurance business, Fire Insurance business, Motor Vehicle Insurance business, Marine Aviation and Transit Insurance business, Employers' Liability Insurance business and Miscellaneous Insurance business; each insurance company which carries on such insurance business shall annually submit a statement of business carried on in the Republic for every class in the Forms Nos. 7A for the Life Assurance and Industrial Assurance Class, 7B for the Bond Investment and Sinking Fund Class and for the remaining General Classes in the Forms Nos. 7C, 7D, 7E, 7F, 7G and 7H, respectively, set out in Part One of the Schedule.

Application for Licence as an Insurer

9.

- 1) The application for the grant of an insurer's licence, provided in subsection (1) of section 8 of the Law, shall be in the Form No. 8, set out in Part One of the Schedule, and shall, subject to the provisions of the Law, be accompanied by the documents prescribed in the following paragraphs of this Regulation, or as similar thereto as the circumstances allow, and, if such documents are not in the official language, a translation thereof shall also be submitted, certified in the manner prescribed by the Companies Regulations.
- 2) In the case of a company already carrying on insurance business of the class to which the application relates, the documents accompanying the application shall be the following:
 - a) A revenue account and a profit and loss account for the last financial year of the company, in the respective Form provided for in Regulation 4 of these Regulations;
 - b) a balance sheet as at the end of the last financial year of the company, in the Form No. 3 set out in Part One of the Schedule, including, where the business has been carried on for at least two years or such longer period as the Superintendent may in any case determine pursuant to the proviso to subsection (1) of section 36 of the Law, a certificate as to solvency in Form No. 4A, 4B, or 4C, as the case may be, set out in Part One of the Schedule;
 - c) if the company is carrying on long-term assurance business:
 - (i) An abstract, on the general lines of that provided in Regulation 6 of these Regulations, of the report of an actuary on the last investigation carried out by him into the financial position of the company, in which a valuation of its liabilities in respect of that business was made;
 - (ii) a statement, on the general lines of that provided in Regulation 7 of these Regulations, of its long-term assurance business as at the date to which its accounts

were made up for the purpose of that investigation.

- d) if the company is carrying on life assurance business, a statement signed by an actuary, showing the amount of its total net liabilities under immature policies in respect of life assurance business carried on within the Republic, as shown by the latest calculation which it was made, and the date on which that calculation took place;
- e) the statute, charter, memorandum and articles of association, regulations or any other document constituting the applicant company and regulating the conduct of its business;
- f) a statement by the authority responsible for administering insurance law in the country in which the applicant company is constituted to the effect that the company is in conformity with that law;
- g) a list of Re-insurers in accordance with Form No. 19 set out in Part One of the Schedule;
- h) patterns of insurance contracts (policies);
- i) three year's programme as to the company's activities and the general organisation of the business;
- j) if it carries on life assurance business it shall submit the following:-
 - (i) a statement showing the actuarial basis in accordance with which the calculation of the premiums is made;
 - (ii) rate of commission which shall be paid per class of insurance business;
 - (iii) any other particulars and documents which the Superintendent of Insurance shall deem necessary:

Provided that the insurance company which is already carrying on business in the Republic and has submitted in the past the documents prescribed in paragraphs (g) to (j), shall submit only the documents which have been amended.

- 3) In the case of a company not already carrying on insurance business of the class to which the application relates, the documents accompanying the application shall be:-
 - a) The statute, charter, memorandum and articles of association, regulations or any other document constituting the applicant company and regulating the conduct of its business;
 - b) a balance sheet showing its authorized and paid up capital (if any); and
 - c) if the company proposes to carry on long-term insurance business, a certificate by an actuary approved by the Superintendent to the effect that the conditions under which the business of that class is to be carried on are based on sound actuarial principles;
 - d) a list of Re-insurers in accordance with the Form No. 19 set out in Part One of the Schedule;

- e) patterns of insurance contracts (policies);
- f) three years' programme as to the company's activities and the general organisation of the business;
- g) if the company proposes to carry on life assurance business, it shall submit in addition to the foregoing:
 - (i) A statement showing the actuarial basis on which the calculation of premiums is based;
 - (ii) any rate of commission which shall be paid in relation to each class of insurance business; and
 - (iii) any other particulars or documents which the Superintendent deems necessary.

Licence Fee

10. For the issue of an insurer's licence or for any renewal of such a licence there shall be paid a fee of three hundred pounds (£300), irrespectively of the number of classes of insurance business for which that licence is granted. For each amendment of an issued or renewed licence, regarding the licensee's name or the licensee's address or the classes of business for which that licence was granted, there shall be paid a fee of thirty pounds (£30).

The Insurer's Licence is made up in the Form No. 12, and every amendment thereof is made up in the Form No. 12B set out in Part One of the Schedule.

Audit of Accounts

11.

- 1) In the case of an insurance company incorporated or having its principal place of business in the Republic and not subject to the provisions of the Companies Law relating to audit of accounts, its accounts shall be audited in accordance with the provisions of sections 155 and 156 of that Law, subject to such adaptations and modifications of those provisions as may, in relation to any such company, appear to the Superintendent to be necessary or expedient.
- 2) In the case of an insurance company incorporated or having its principal place of business in a foreign country, its accounts shall be subject to annual auditing, the auditor's report showing the following particulars:
 - a) Whether he has obtained all the information and explanations which, to the best of his knowledge and belief, were necessary for the carrying out of the audit;
 - b) whether in his opinion proper books of account have been kept by the company, so far as appears from his examination of those books, and proper returns adequate for the carrying out of the audit have been received from branches not visited by him;
 - c) whether the accounts are in agreement with the books of account and returns;

d) whether in his opinion, and to the best of his information, and according to the explanations given to him, the accounts show the particulars required by the Companies Law in the proper manner and give a true and fair view:

(i) As to the balance sheet, of the state of the company as at the end of its financial year; and

(ii) as to the profit and loss account, of the profit or loss in the said financial year.

In addition thereto, however, the Superintendent may, if he considers it necessary or desirable, modify the provisions of this paragraph, in relation to the application thereof to any such company.

Qualifications of Actuary

12. In order that he may come under the definition in subsection (1) of section 2 of the Law, the actuary must possess the qualifications hereinafter specified that is to say he must:

- 1) Be a fellow of the Institute of Actuaries or of the Faculty of Actuaries in the United Kingdom; or
- 2) possess such actuarial knowledge, experience and qualifications, as the Superintendent may, on the application of the company, approve.

Changes of Particulars of Which Notification is Required

13. The matters of which written notification of any change is required under section 31 of the Law, are the following:-

- 1) The statute, charter, memorandum and articles of association, regulations or any other document constituting the insurance company and regulating the conduct of its business;
- 2) the particulars contained in Forms Nos. 8 and 9 set out in Part One of the Schedule.

Application for Minister's Certificate as to Deposits

14.

- 1) Where an Order is made by the Minister, in accordance with paragraph 1 of the Second Schedule of the Law, by virtue of which the association to which the Order relates, is required to deposit the sum of thirty thousand pounds with the Central Bank, such association may apply to the Minister for a certificate for lodgement of such deposit with the Central Bank; thereupon the Minister shall issue the said certificate to the association and shall also issue directions to the said Bank to receive such lodgement and place the same in its books to the credit of the association mentioned in the warrant:

Provided that the deposit referred to in this paragraph may be made, either in cash or in the form of approved securities estimated at their market value on the day of the

deposit, or partly in cash and partly in the form of approved securities so estimated.

- 2) For the purposes of this Regulation "approved securities" means such securities in which a trustee may invest, under the Trustee Law, trust funds, as the Minister may authorize and includes any other kind of securities authorized by the Minister in this respect.
- 3) The Minister may, for the purposes of deposits under this Regulation, determine the amount and the kind of approved securities or of cash or of both and in that case the Minister shall vary his certificate accordingly.
- 4) The application to the Minister and the certificate of the Minister shall specify the particular class of long term business in respect of which the deposit is being made, and the deposit shall be marked in the books of the Central Bank to a special ledger credit.

Application for Exemption from Necessity to Make a Deposit or for Withdrawal of Deposit Already Made

15.

- 1) The association may apply to the Minister for exemption from the necessity to make a deposit, or for permission to withdraw a deposit already made; any such application shall be made in writing and shall be accompanied by such certificates as the Minister may from time to time prescribe as required to enable him to decide on the application in accordance with sub-paragraph (2) of paragraph 7 of the Second Schedule to the Law.
- 2) The Minister may, by notice in writing served upon any association making an application under this Regulation, require it to furnish him with such explanations, information, accounts and statements as he may consider necessary to enable him to decide on the application made to him, as aforesaid, and may similarly require any such explanations, information, accounts or statements to be signed by such number of the directors (if any) and by such officers of the association, and to be accompanied by such copies of documents as may in each case be specified in the notice and to be certified by an auditor to be approved by the Superintendent or by any actuary, or by both such auditor and actuary.

Withdrawal of Deposits

16. If the Minister is satisfied that the funds deposited under paragraph 1 of the Second Schedule to the Law shall be withdrawn by an association making an application as aforesaid, he shall send to the Central Bank a certificate to the effect that he is satisfied in respect of the matters provided in sub-paragraph (2) of paragraph 7 of the Schedule, and that the deposit to which the application made relates may be withdrawn and, thereupon, the Central Bank shall allow the withdrawal accordingly.

Power to Alter Forms

17. The Superintendent may, on the application or with the consent of an insurance company, alter any Form prescribed in these Regulations, for the purpose of adapting the Form to the special circumstances of the company.

Certification of Documents

18. The Superintendent may authorize other public officers for the purpose of certifying documents under section 74 of the Law.

Foreign Companies

19. The Minister may, in relation to an insurance company constituted in a foreign country which carries on insurance business within the Republic direct that section 8, 36 and 57 of the Law shall, in their application to such company, have effect subject to such adaptations of their provisions relating to paid up share capital as he may consider necessary, having regard to the law relating to companies in force in that country or the currency of that country.

Application for Registration of Insurance Agents, Brokers and Agents for Brokers

20.

- 1) The application for the registration of an insurance agent, broker or agent for brokers in accordance with sub-section (1) of section 64 of the Law shall be in the Form No. 9 set out in Part One of the Schedule.
- 2) The Registration Certificate issued under paragraph (1) shall be in the Form No. 12A and every amendment thereof shall be in the Form No. 12C set out in Part One of the Schedule.

Return of Insurance Business by Brokers or Agents for Brokers

21. The return to be submitted at the end of each financial year by brokers or agents for brokers in accordance with paragraph (b) of section 65 of the Law shall be in the Form No. 10 set out in Part One of the Schedule.

Registration Fee

22.

- 1) For each application for the registration of an insurance agent, broker or agent for brokers there shall be paid a fee of twenty pounds (£20). For each subsequent application proposing the extension of his business as insurance agent, broker or agent for brokers, there shall be paid a fee of ten pounds (£10).
- 2) For each application for the approval of any person as intermediary on insurance matters there shall be paid a fee of ten pounds (£10). For each subsequent application proposing the extension of the business of the intermediary on insurance matters with another insurance agent, broker or agent for brokers there shall be paid a fee of five pounds (£5).

Prerequisites Prescribed for Certain Insurance Companies

23. The provision of the Law shall apply in relation to insurance companies carrying on insurance business in the Republic of the life assurance class or the industrial assurance class, as specified in sub-section (1)(b) of section 7 of the Law, as they apply in relation to insurance companies carrying on life assurance business or industrial assurance business as specified in sub-section (1) of section 3 of the Law and the application of such provisions shall be the prerequisites required, under the first sub-section referred to in this Regulation, for the carrying on of insurance business.

Commission

24. A commission shall be deducted and charged under sub-section (4) and paragraph (b) of sub-section (5) of section 17 of the Law at a rate fixed from time to time by the Central Bank.

Publication of Grant, Amendment or Cancellation of Licence

25. The publication of the grant, amendment or cancellation of a licence in accordance with sub-section (2) of section 83 of the Law shall be made by the Superintendent in Form No. 11A, 11B or 11C, as the case may be, set out in Part One of the Schedule.

Manner of Paying Fees

26. The fees payable under the Law or these Regulations shall be paid in such manner as the Superintendent may from time to time direct.

Criteria for the Grant of an Insurer's Licence

27.

- 1) Any of the persons mentioned in sub-section (1) of section 9 of the Law must meet the following criteria and conditions, that is to say he must:
 - a) Not have been convicted by any court, either within or outside the Republic, for a felony or misdemeanour involving dishonesty;
 - b) not be considered bankrupt or there must not be a receiving order pending against him

under the Bankruptcy Law;

- c) in the case of a physical person, possess a university degree or title in insurance, economic, commercial, legal or other connected subjects and must have served for at least five years in a responsible position of an insurance or other company or in an administrative position of a governmental or semi-governmental organisation;
- d) if he does not possess the academic and professional qualifications mentioned in subparagraph (c) he must have at least ten years experience in a responsible position connected with the management and administration of insurance or other relative companies or organisations; and
- e) satisfy the Superintendent that he is a proper and suitable person for carrying out the business of an insurance company based on sound insurance principles:

(1) Provided that subparagraphs (c), (d) and (e) above shall not apply in the case of a person who:

- f) is a member of the Board of Directors of an Insurance Company, yet without executive powers, or
 - g) falls within the provisions of Section 9(2) (c) (ii) of the Law.
- 2) For the purposes of this Regulation the company shall submit to the Superintendent relative statements in the Forms Nos. 16 and 17 set out in Part One of the Schedule.

Statement of Investment of Assets

28. The statement of investment of assets provided for in sub-section (1) of section 21 of the Law shall be submitted in the Form No. 14 set out in Part One of the Schedule.

Granting of Loans

29.

- 1) The purposes, mentioned in paragraph (b) of the proviso to section 22 of the Law, for which an insurance company may grant loans to the persons specified therein and also the terms on which such loans are to be granted are:
 - a) A sum up to £5,000 for the purchase of a motor vehicle, to travelling officers of the company, repayable within four years;
 - b) a sum up to £2,000 for medical treatment of the borrower himself or of any member of his family repayable within three years;
 - c) a sum not exceeding the yearly emoluments of the borrower for the education of his children in recognized higher educational institutions, repayable within five years;
 - d) a sum not exceeding £1,000 for the purpose of facing unexpected financial difficulties by

- the borrower, repayable within one year.
- 2) For any of the loans mentioned above there shall be paid interest at a rate not less than seven per centum annually, and the total amount of the loan shall under no circumstances exceed the total yearly emoluments paid by the company to the borrower.
 - 3) For the purposes of this Regulation the term “yearly emoluments” does not include sums accruing from any commission.

Accounts and Statements Kept by Foreign Insurers

30.

- 1) The statement kept under paragraph (a) of Section 32 of the Law shall include the following particulars:
 - a) If it relates to long term business:
 - (i) type of policy,
 - (ii) number of policy,
 - (iii) name of insured,
 - (iv) sum assured,
 - (v) gross yearly premium,
 - (vi) date of policy coming into effect,
 - (vii) duration of policy,
 - (viii) date of surrender, cancellation or death,
 - (ix) amount paid,
 - (x) any amendments to any of the particulars aforesaid;
 - b) if it relates to short term business:
 - (i) class and type of insurance, where necessary
 - (ii) number of policy,
 - (iii) name of insured,
 - (iv) sum assured,
 - (v) gross premium,
 - (vi) date of policy coming into force,
 - (vii) date of maturity of the policy,
 - (viii) any amendments to any of the particulars mentioned above.

- 2) The statement kept under paragraph (c) of section 32 of the Law shall include the following particulars:
- a) Date of acquisition of the asset;
 - b) description of the asset,
 - c) acquisition value,
 - d) date of disposal,
 - e) price of disposal,
 - f) any further details and remarks regarding the asset.

Application for Approval of Appointment of Officers

31. Any application of an insurance company made to the Superintendent for the issuing of a licence to appoint a person at any of the positions mentioned in sections 9, 30, 42, 43 and 44 of the Law shall be:
- a) In the Form No. 16 of Part One of the Schedule, if the appointment relates to a physical person proposed for the position of a Managing Director, member of the Board of Directors, Controller, General Executive Manager or Principal Officer within the Republic; or
 - b) in the Form No. 17 of Part One of the Schedule if the appointment relates to a legal person proposed for any of the positions mentioned above.

Notification of Dismissal or Resignation

32. Any dismissal or resignation of a person holding any of the positions mentioned in the preceding Regulation shall be notified, by the insurance company concerned, to the Superintendent, by the submission to him of a statement in the Form No. 18 of Part One of the Schedule.

Application by Intermediary on Insurance Matters

33. Any application made to the Superintendent for the approval of any person as intermediary on insurance matters in accordance with subsection (2) of section 64 of the Law shall be submitted:
- a) If it relates to a physical person, in the Form No. 13 of Part One of the Schedule; or
 - b) if it relates to a legal person, in the Forms Nos. 13 and 13A of Part One of the Schedule.

Qualifications of Insurance Agent, Broker or Agent for Brokers

34. The qualifications required by the Law for the registration of any person as insurance agent, broker or agent for brokers are:

- a) Degree of a school of Secondary Education and a Certificate awarded by the Insurance Advisory Board as to basic insurance matters, which is being granted after examinations carried out by the said Board, or
- b) any other Certificate approved by the Insurance Advisory Board which is obtained following an examination on topics determined by the said Board; and
- c) training for a period of at least three months in the class or classes in which the interested person shall be employed, provided to him by an insurance company:

Provided that the qualifications mentioned in this Regulation are required even if the applicant has been registered in the past and his registration has been cancelled for any reason.

Statement of Liabilities

35. Every insurance company shall annually submit to the Superintendent a statement, in accordance with the Forms Nos. 15 and 15A of Part One of the Schedule, showing the liabilities mentioned in section 20(1)(a) and (b) of the Law.

Insurance Advertisements

36. In respect of the contents of insurance advertisements, the following general provisions shall apply:

- a) The insurance company shall provide full particulars as to its name, address of its head office, address of its branches within the Republic, as well as the country in which it has been incorporated; if the advertisement refers to the financial condition of the company, it shall include information in respect of the issued and paid up share-capital and its reserves, excluding mathematical reserves;
- b) any information in respect of services rendered shall be true and accurate and if it relates to technical matters, explanations shall be provided in respect thereof;
- c) advertisements of services rendered which fall in a class for which the company possesses no licence for carrying on insurance business, are prohibited;
- d) if the advertisement refers to comparisons between companies, those shall be explained in detail in order to be fully conceived by the public;
- e) if the advertisement refers to particular agents of the insurance company the basic particulars shall be provided to the effect of identification of the said agents;

- f) if the advertisement intends to persuade any person or persons to enter into an insurance contract with any insurance company and full details are not contained thereto in respect of the provisions of the contract, the advertisement shall make clear that the company is in position to render those details through one or more authorized offices thereof, providing in addition the respective addresses of the said offices.

Information Rendered by the Person Proposing the Insurance Contract

37.

- 1) The information rendered under section 78 of the Law shall be in writing and shall include:
- a) Full name and address of the inviting person;
 - b) if the inviting person is an insurance agent, broker or agent for brokers, the number of his Registration Certificate and the date of issue;
 - c) if the inviting person is an intermediary on insurance matters, the number of his letter of approval by the Superintendent and the date thereof together with the name, address and other relative particulars of the insurers whom he represents or of the insurance agents with whom he cooperates;
 - d) full details in respect of the terms of the proposed insurance scheme or insurance contract and whether these terms are approved by the insurer; in the said details the following shall be included as per class to which the insurance contract relates:
 - (i) Sum of premium, manner and time of payment and currency in which the same shall be paid;
 - (ii) sum assured and currency in which the contract shall be expressed;
 - (iii) duration of the policy and date of maturity thereof;
 - (iv) the minimum guaranteed surrender value of the contract after 3, 6, 9, 12, 15, 20, 25, 30, 40, 50 or 60 years, according to the duration of the contract as from the date of its coming into force, as well as the amount payable on the maturity thereof or in case of death of the insured;
 - (v) specification of any rights by virtue of the policy or of the insurance scheme and statement whether this involves participation in profits or in guaranteed benefits;
 - (vi) clarifications as to the case of transformation of the policy to a paid up policy, on the failure of payment of premiums in lieu of the payment by the insured of surrender value;
 - (vii) the following particulars in the case of policies involving facilities to their holders to participate, as beneficiaries under trust, in profits or income from acquisition, possession, management or disposal of securities or other assets of any kind (Unit Linked):
 - (1) The portion of the premium which shall be disposed for providing the benefits

aforesaid and the conditions on which the insurer shall pay the same or not;

- (2) the manner in which the value of the assets that constitute the trust applied in payment of the said benefits shall be determined and whether the benefits payable may be affected directly or indirectly by any factors;
 - (3) the manner in which the benefits are calculated and whether the same are based wholly or partially on assets that constitute part of the trust and belong to the insurer or the insurer manages the same;
 - (4) the name of the trust, the particulars of the assets which shall constitute the same, the amount of the management expenses thereof or any other charge and whether the said expenses shall be paid from the trust together with the possibility of postponing the payment of benefits and the cause of such postponement;
- e) Statement of the person inviting in which it is assured that he did not fail to render any material information in respect of the proposed insurance contract.
- 2) The provisions of paragraph (1) concern the class of long-term business, but those thereof which may, as of their nature, apply on any other class, shall apply dully adapted for such class.

Premium Determination for Motor Vehicles

38. The premiums and scales of premiums which are annually imposed by the companies under section 76 of the Law in respect of policies issued under the provisions of the Motor Vehicles (Third Party Insurance) Law are set out in the Tables I to VII of Part Two of the Schedule.

PART II: VALUATION OF LIABILITIES IN RESPECT OF LONG-TERM INSURANCE BUSINESS

Interpretation

39. For the purposes of this Part:

“Date of valuation” means the date to which the valuation of the actuary relates.

“Long-term liabilities” means the liabilities to an insurance company under the long-term business policies or related to them.

Calculation of Liabilities

40.

- 1) Subject to the provisions of these Regulations, the total amount of the liabilities of an insurance company shall be calculated in accordance with generally accepted accounting concepts and practice and on the basis of generally accepted and appropriate methods for insurance companies.
- 2) In the calculation above, all contingent and prospective liabilities of the company shall be

taken into account, but not any liabilities in respect of its share capital.

Amount of Long-Term Liabilities

41. The calculation of the amount of long-term liabilities (other than the liabilities which have fallen due for payment before the valuation date) shall be made on actuarial principles, and shall make proper provision for all liabilities on prudent assumptions in regard to the relevant factors, taking additionally into account the nature (including currency) and term of the assets representing the long-term business fund.

Rate of Interest

42. The rate of interest to be used in calculating the present value of future payments made by or to an insurance company shall not exceed seven and a half per centum (7.5%) per annum and the calculation will be effected before any adjustment that will be taking into account the effect of taxation.

Rates of Mortality and Disability

43. The amount of the liability in respect of any category of contract shall be calculated on the basis of appropriate rates of mortality and disability that take into account:

- a) The relevant tables of the rates of mortality and disability which are published internationally, and
- b) The rates of mortality and disability experienced by the company in connection with any similar policies issued by the company in the past.

Valuation of Future Liabilities

44.

1) Where further specified premiums become payable by the policy holder under a contract (not being a linked contract) under which benefits (other than benefits arising from a distribution of profits) are determined from the outset in relation to the total premiums payable there under, then, subject to the provisions of Regulation 45 below:

- a) Where the premiums under the contract are at a uniform rate throughout the period for which they are payable, the premiums to be valued shall be not greater than such level of premiums as, if payable for the same period as the actual premiums under the policy and calculated according to the rate of interest and rates of mortality or disability which are to be employed in calculating the liability under the policy, would have been sufficient at the outset to provide for the benefits under the policy according to any contingencies upon which the said premiums became payable, exclusive of any addition for profits, expenses or other charges;
- b) where the premiums under the contract are not at a uniform rate throughout the period

for which they are payable, the premiums to be valued shall be not greater than such premiums as would be determined on the principles set out in sub-paragraph (a) above modified as appropriate to take account of the variations in the premiums payable by the policy-holder in each year,

Provided that a premium to be valued shall in no year be greater than the amount of the premium payable by the policy-holder.

- 2) Where the original terms of the policy have changed since the contract was made, then, for the purposes of paragraph (1) above, it shall be assumed that those changes as they occurred were provided for in the contract at the time it was made. For the purposes of this paragraph the terms of the contract are taken to change if the change is indicated in an endorsement on the policy but not if a new policy is issued.
- 3) Where under a contract (non-linked contract),
 - a) Each premium paid increases the benefits (other than benefits arising from a distribution of profits) provided under the policy, or
 - b) the amount of the premium payable in the future is not determinable until it comes to be paid,

Then the future premiums and their corresponding liability may be left out of account in the valuation so long as adequate provision is made against any risk that the increase in the liabilities of the company resulting from the payment of future premiums might exceed the amount of the premiums.

Acquisition Expenses

45.

- 1) In order for the acquisition expenses to be taken into account the maximum premium to be valued under Regulation 44 may (subject to paragraph (2) below) be increased by an amount not greater than an equivalent amount, taken over the whole period of premium payments and calculated according to the rate of interest and rates of mortality or disability employed in valuing the policy of three and a half per centum of the relevant capital sum under the policy, as defined in Regulation 46.
- 2) The increase permitted by paragraph (1) above shall be subject to the limitation that the amount of the future premium valued shall not in any event be greater than the amount of the premium actually payable by the policy-holder.
- 3) For the purposes of this Regulation "relevant capital sum" means:-
 - a) For whole life assurances, the sum assured;
 - b) for policies where a sum is payable on maturity (including policies where a sum is also

payable on earlier death), the sum payable on maturity;

- c) for deferred annuities, the capitalised value of the annuity at the vesting date or the cash option if it is greater;
- d) for capital redemption contracts, the sums payable at the end of the contract period; and
- e) for linked long-term contracts, notwithstanding sub-paragraphs (a) to (d) above, the lesser of:
 - (i) the amount for the time being payable on death, or
 - (ii) the aggregate of the value for the time being of the units allocated to the contract (or, where entitlement is not denoted by means of units, the value for the time being of any other measure of entitlement under the contract equivalent to units) and the total amount of the premiums remaining to be paid during such of the term of the contract as it is appropriate for zilmerising or, if such premiums are payable beyond the age of 75, until that age.

Expenses

46.

- 1) Provision shall be made for meeting the expenses of fulfilling the existing contracts. Credit may be taken to the extent appropriate for the fractions of future premiums left out of account pursuant to regulation 44.
- 2) The provision mentioned in paragraph (1) above shall have regard to, among other things, the company's actual expenses in the last twelve months before the valuation date, other than expenses incurred in the acquisition of new business.
- 3) The provision mentioned in paragraph (1) above shall also be considered sufficient if the company decides to cease to transact new business at the valuation date.

Options

47.

- 1) Provision shall be made to cover any increase in liabilities caused by policy-holders exercising options under their contracts.
- 2) Where a contract includes an option whereby the policy-holder could secure a guarantee cash payment within twelve months following the valuation date, the provision for that option shall be such as to ensure that the value placed on the contract is not less than the amount required to provide for the payments that would have to be made if the option were exercised.

Contracts Not To Be Treated as Assets

48. No contract for long-term business shall be treated as an asset.

No Credit for Profits from Voluntary Discontinuance

49. Credit shall not be made in the valuation for the voluntary discontinuance of any contract if the amount of the liability so determined would thereby be reduced.