



## INFORMATION BULLETIN

### Concerning procedures for the Amended Insurance Regime

#### OVERVIEW:

1. Effective 1 January 2019, the Exempt Insurance Act, Cap. 308A will be repealed and the Insurance Act, Cap. 310 (IA) will be amended to provide for (among other things) three (3) classes of licences under which all insurance entities will be classified and regulated.
  - Class 1 category will include insurance companies which restrict the business they can underwrite to related party<sup>1</sup> insurance business.
  - Class 2 category will include insurance companies which underwrite or can underwrite third party business.
  - Class 3 category will include brokers, other intermediaries, insurance management companies, insurance holding companies and the like.

All classes will pay the relevant licence fee.

2. The Financial Services Commission (Commission) intends to ensure that all existing registrants are appropriately registered in the Class which allows them to continue the structure and species of insurance business they currently conduct in as seamless a manner as possible. To this end, heavy reliance will be placed on ongoing consultation with current insurers and insurance related companies. The Commission reserves the right to determine whether a licensee shall be registered in Class 1, Class 2, or Class 3 in relation to its insurance or insurance related business. Where the licensee satisfies the Commission that by reason of (a) its structure or operations; (b) the nature of the intended relationship between the body corporate and its intended policyholders; (c) the interest of those policyholders; (d) the nature of the risk; and (e) the level of regulation which is applicable to the risks associated with the insurance business, the Commission may issue a licence under Class 1 or other appropriate class.

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<sup>1</sup> The Financial Services Commission will issue guidance

3. **PRELIMINARY DETERMINATION**

The Commission will assign each licensee to a class on a preliminary basis. The Commission will notify each registrant of its designation.

4. **PROCESS FOR TRANSITIONING ENTITIES – EICs And QICs – *Licensed on or after October 17, 2017***

- These entities will not be grandfathered and so will have to transition.
- Unless an existing EIC licensee gives written notice of intention to amend its corporate instruments to permit the undertaking of third-party risks, it will be assigned to Class 1.
- Where the licensee gives notice of intention to amend its corporate instruments to permit the undertaking of third party risks, that EIC licensee will be converted to a Class 2 Licensee.
- An existing QIC licensee will be assigned to Class 2.
- Amend corporate instruments accordingly.

5. **PROCESS FOR EIC / QIC ENTITIES *Licensed Before October 17, 2017 Who Want To Transition***

- These entities have the option of being grandfathered but have opted to transition.
- Amend their corporate instruments accordingly.

6. **DOMESTIC INSURANCE COMPANIES**

All domestic insurance company licensees will be assigned to Class 2.

7. **ALL OTHER INSURANCE RELATED ENTITIES**

All other insurance related entities including managers, brokers, insurance holding companies and the like will be assigned to Class 3.

Process for relevant entities:

- Amend the corporate instruments to reflect the Class of license as applicable

8. **NEW ENTRANTS**

New entrants application process:

- Apply to the FSC for a licence using the existing process and identify the applicable class of licence required.
- Submit an application for a Foreign Currency Permit inclusive of a declaration by a director certifying that the entity will generate 100% of its income in foreign currency as applicable.

#### 9. GRANDFATHERING

##### **PROCESS FOR EIC / QIC Entities Licensed Before October 17, 2017 Who Want To Be GRANDFATHERED**

Notify the Commission. A form will be made available.

#### 10. FOREIGN CURRENCY PERMIT (FCP)

FCP holders will benefit from income tax concessions for specially qualified individuals for a period of 3 years, and will be exempted from the following:

- exchange control
- withholding tax on payment of dividends to non-residents
- withholding tax on all other payments to non-residents
- payment of stamp duty and property transfer tax (save and except real estate) other than nominal duty of Bds\$200 on all instruments and agreements
- payment of value added tax and duties on importation of plant and machinery

To apply for an FCP permit, an insurer must generate 100% of its income in foreign currency.

An application for an FCP together with the relevant fees should be made to the International Business Unit.

#### 11. GRACE PERIOD

There will be a six-month grace period during which licensees' licensed status will continue uninterrupted; and during which any "housekeeping" matters such as filing amended Articles with CAIPO, etc. may be completed.