

**INSURANCE ORDINANCE**  
**INSURANCE (AMENDMENT) REGULATIONS 2020**

*(Legal Notice 113 of 2020)*

ARRANGEMENT OF REGULATIONS

REGULATION

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## **INSURANCE (AMENDMENT) REGULATIONS 2020**

*(Legal Notice 113 of 2020)*

**MADE** by the Governor under sections 16 of the Insurance Ordinance.

### **Citation and commencement**

1. These Regulations may be cited as the Insurance (Amendment) Regulations 2020 and shall come into operation on 4 January 2021.

### **Interpretation**

2. In these Regulations the “principal Regulations” means the Insurance Regulations.

### **Regulation 2 amended**

3. Regulation 2 of the principal Regulations is amended by inserting in the appropriate alphabetical position the following definition—

““producer” means a person who sells or provides products whose risk are to be reinsured by the producer affiliated reinsurance company;”.

### **Regulations 2A and 2B inserted**

4. The principal Regulations are amended by inserting after regulation 2 the following regulations—

#### **“Meaning of “producer affiliated reinsurance company risk”**

2A (1) For the purposes of section 9 of the Ordinance, the risks that a producer affiliated reinsurance company may insure shall be that class or classes of business as may be approved by the Commission.

(2) The Commission may, from time to time, issue guidelines listing approved classes of business.

#### **Meaning of “affiliate”**

2B.(1) For the purposes of section 9 of the Ordinance, “affiliate” means—

(a) the entity producing the business being reinsured;

- (b) a person owning an entity producing the business being reinsured;
- (c) the spouse, child, step-child, grandchild or step-grandchild of a person owning the entity producing the business being reinsured;
- (d) the trustee of a trust which owns the entity producing the business being reinsured and the beneficiaries of which are the settlor, settlor's spouse, children or grandchildren;
- (e) a management level employee of an entity producing the business being reinsured;
- (f) a person responsible for providing insurance products to be reinsured by the producer affiliated reinsurance company;
- (g) a corporation, limited liability company, partnership or other business owned by a person listed in paragraph (b), (c), (d), (e), or (f); or
- (h) such other person or persons approved by the Commission with a demonstrable link to the entity producing the business being reinsured.

(2) A producer shall make a declaration, in a form approved by the Commission, that the affiliate is qualified and connected with the producer.

(3) Subregulation (2) does not relate to an affiliate qualified by virtue of subregulation (1)(a) or (b)."

**Regulation 5A inserted**

5. The principal Regulations are amended by inserting after regulation 5 the following regulation—

**“Capital Requirements**

**5A.** Companies engaged in producer affiliated reinsurance business shall have a minimum paid-up capital of U.S. \$5,000.”.

**Regulation 6 amended**

6. Regulation 6 of the principal Regulations is amended by deleting “section 14(e)” and substituting “section 16(e)”.

**Schedule 1 amended**

7. Schedule 1 to the principal Regulations is amended—

- (a) under the heading “Fees on Application” in item 2 by deleting paragraphs (a) and (b) and substituting the following—
  - “(a) where such undertaking is given by a producer affiliated reinsurance company \$150”;
  - (b) for fast track 3 working days service \$1,000”;
- (b) under the heading “Annual Fees” by deleting paragraph (c) and substituting the following—
  - “(c) Insurer’s Licence accompanied by an undertaking given under section 9(2) of the Ordinance where such undertaking is given by a producer affiliated reinsurance company—
    - (i) effective March 2021 – \$200;
    - (ii) effective March 2022 – \$250;
    - (iii) effective March 2023 – \$300”;
- (c) under the heading “Miscellaneous Fees”—
  - (i) in item 1 by inserting after the figure “\$25” the words “(for fast track 3 days working days service \$50)”;
  - (ii) in item 2 by inserting after the figure “25” the words “(for fast track 3 working days service \$50)”.

MADE this 20<sup>th</sup> day of November 2020.

**NIGEL DAKIN**  
**GOVERNOR**

## **EXPLANATORY NOTE**

*(This Note is not part of the Regulations)*

These Regulations amend the Insurance Regulations—

- (a) to provide the meaning of “producer affiliated reinsurance company risks” and “producer affiliated reinsurance company risk”;
- (b) to provide for a producer to make a declaration of the connection between itself and its affiliate;
- (c) to provide a fee for fast track services.