

Captive Insurance Business Rules (CIB)

*In this attachment underlining indicates new text and striking through indicates deleted text.

1 GENERAL PROVISIONS

....

1.3 Classes of Captive Insurance Business

1.3.1 A Captive Insurer is an Authorised Person permitted under the conditions of its Financial Services Permission to carry on Captive Insurance Business as a Class 1, Class 2, Class 3 or Class 4 Captive Insurer.

1.3.2 An ~~Incorporated~~ Cell Company may carry on Captive Insurance Business through some or all of its Cells (those Cells carrying on Captive Insurance Business being a Class 1, Class 2, Class 3 or Class 4 Captive Cell, as the case may be). References to a Captive Insurer in these Rules shall be construed to include, where relevant, an ~~Incorporated~~ Cell Company maintaining one or more Captive Cells.

....

2.3.5 Completion of forms for global and Fund reporting units

- (1) A Return must be completed in respect of each of the reporting units set out in this Rule that applies to the Captive Insurer.
- (2) There are two types of reporting units in respect of which a Captive Insurer may be required to submit a Return. These are referred to in this Chapter and the forms as the global reporting unit and the Fund reporting unit. In the case of a Captive Insurer which is a ~~Incorporated~~ Cell Company, the global reporting unit shall apply separately at a cellular and non-cellular level as provided in Rules 2.3.5(3)(b) and 2.3.5(4) below. The Returns in respect of these reporting units are referred to respectively in this Chapter and the forms as the Global Return (along with, in the case of a ~~Incorporated~~ Cell Company, a Cell Return in respect of each Captive Cell) and the Fund Return.
- (3) Every Captive Insurer that is required by Rule 2.3.2 or Rule 2.3.3 to complete a Return must complete a Global Return. A Global Return has the following characteristics:
 - (a) subject to Rule 2.3.5(3)(b), a Global Return includes all of the assets, liabilities, equity, revenues and expenses of the Captive Insurer, regardless of the residency status or location of the Captive Insurer, of the customer or of any asset or liability; and
 - (b) the Global Return of a ~~Incorporated~~ Cell Company does not include any assets, liabilities, equity revenues or expenses that are attributable to a Captive Cell.
- (4) Except as provided otherwise in this Chapter, a Captive Insurer that is a ~~Incorporated~~ Cell Company must, each time a Global Return is completed as provided in Rule 2.3.5(3)(b), separately complete a Cell Return in respect of each Captive Cell that it maintains. A Cell Return includes all of the assets, liabilities, equity, revenues and expenses attributable to the Captive Cell, regardless of the residency status or location of the customer or of any asset or liability. A Captive Insurer that is a

~~Incorporated~~ Cell Company is not required to complete a Cell Return each time a Quarterly Regulatory Return is completed in respect of any Cell maintained by it that is a Class 1 Captive Cell unless required by the Regulator to do so.

- (5) Except as provided otherwise in this Chapter, a Captive Insurer that maintains any Long-Term Insurance Fund must complete a Fund Return in respect of each Long-Term Insurance Fund that it maintains. A Fund Return includes all of the assets, liabilities, revenues and expenses attributable to the Fund, regardless of the residency status or location of the customer or of any asset or liability. A Captive Insurer to which this Rule applies is not required to complete a Fund Return in the following cases:
- (a) where the Captive Insurer is deemed to constitute a single, Long-Term Insurance Fund, such that the information contained in the Fund Return would be identical to that in the Global Return; and
 - (b) where, in the case of a Captive Insurer which is a ~~Incorporated~~-Cell Company, a Captive Cell of the Captive Insurer is deemed to constitute a single, Long-Term Insurance Fund, such that the information contained in the Fund Return would be identical to that in the Cell Return.

.....

4 ADDITIONAL REQUIREMENTS FOR CELL COMPANIES

4.1 Definitions

For the purpose of Rule 4.1:

- (a) net Cellular Assets of a Captive Cell are the assets attributable to the Captive Cell (other than any deductible assets) less the liabilities attributable to the Captive Cell;
- (b) non-cellular eligible capital of a Captive Insurer that is an ~~Incorporated~~ Cell Company means the Insurer's eligible capital calculated in accordance with Chapter 3, but excluding:
 - (a) Cell Shares; and
 - (b) any capital instruments or equity reserves that are attributable to a Captive Cell; and
- (c) recourse agreement means an agreement under which a Cell is entitled to have recourse to Non-Cellular Assets.

4.2 General requirement

- 4.2.1 A Captive Insurer that is an ~~Incorporated~~-Cell Company must at all times hold non-cellular eligible capital of at least \$50,000.
- 4.2.2 Subject to Rule 4.2.3, if a Captive Cell has recourse to the Non-Cellular Assets of the ~~Incorporated~~ Cell Company under one or more recourse agreements which have been approved by the Regulator, those Non-Cellular Assets may be included for the purpose of satisfying the requirement in Rule 4.2.1.

.....

4.3 Captive Insurers that are Cell Companies to conduct Insurance Business only through Captive Cells

A Captive Insurer that is an ~~Incorporated~~ Cell Company must ensure that, when it conducts Captive Insurance Business, each Contract of Insurance is attributable to a particular Captive Cell of the Captive Insurer.

.....

8 ADDITIONAL REQUIREMENTS FOR LONG-TERM INSURANCE BUSINESS

.....

8.1.1 Captive Insurer not an ~~Incorporated~~ Cell Company

Where a Captive Insurer that is not an ~~Incorporated~~ Cell Company carries on Long-Term Insurance Business that, under the provisions of Rule 8.2, must be attributed to a Long-Term Insurance Fund, it must either:

- (a) establish one or more Long-Term Insurance Funds; or
- (b) notify the Regulator in writing that the Captive Insurer is deemed to constitute a single Long-Term Insurance Fund.

8.1.2 Captive Insurer an ~~Incorporated~~ Cell Company

Where a Captive Insurer that is an ~~Incorporated~~ Cell Company carries on, through a Captive Cell, Long-Term Insurance Business that, under the provisions of Rule 8.2, must be attributed to a Long-Term Insurance Fund, it must either:

- (a) establish, in respect of that Captive Cell, one or more Long-Term Insurance Funds; or
- (b) notify the Regulator in writing that the Captive Cell is deemed to constitute a single Long-Term Insurance Fund.

.....

10.3 Provisions for collateral for Captive Insurers in run-off

.....

10.3.2 Regulator may issue collateral notice

- (1) The Regulator may, by written notice (referred to in this Chapter as a 'collateral notice'), require a Captive Insurer to make available assets:

....

- (4) The amount referred to in Rule 10.3.2(1)(b) is calculated as follows:

- (a) in the case of a Captive Cell of a Captive Insurer which is an ~~Incorporated~~ Cell Company, the sum of the following two amounts:
 - (i) the Insurance Liabilities attributable to that Captive Cell; and
 - (ii) the Minimum Cellular Capital Requirement applicable to that Captive Cell.

- (b) in the case of a Long-Term Insurance Fund, subject to Rules 10.3.2(4)(c) and 10.3.2(4)(d), the sum of the following two amounts:
 - (i) the Insurance Liabilities attributable to that Long-Term Insurance Fund; and
 - (ii) the Minimum Fund Capital Requirement applicable to that Long-Term Insurance Fund;

- (c) in the case of a Captive Insurer that is not an ~~Incorporated~~ Cell Company, the sum of the following two amounts:
 - (i) the Captive Insurer's Insurance Liabilities; and
 - (ii) the Captive Insurer's minimum capital requirement as provided for in Rule 2.2.

- (d)