INSURANCE (GENERAL INSURANCE BUSINESS SOLVENCY) (AMENDMENT) RULES 2010


1. Citation

These Rules may be cited as the Insurance (General Insurance Business Solvency) (Amendment) Rules 2010.

2. Interpretation

In these Rules -

“principal Rules” means the Insurance (General Insurance Business Solvency) Rules 2007;


3. Rule 5 of the principal Rules amended

Rule 5 of the principal Rules is amended by numbering the existing paragraph as paragraph (1) and adding the following new paragraphs -

(2) Notwithstanding paragraph (1), subject to the prior approval of the Commission, the capital available to an insurer may include subordinated loans.

(3) The Commission may grant an approval under paragraph (2) where –

(a) the title deed setting out the terms of the subordinated loan explicitly mentions that the loan is legally subordinated to the claims of policyholders and other creditors of the insurer;

(b) the subordinated loan is unsecured;

(c) the subordinated loan has an original maturity period of over 5 years;
(d) the subordinated loan may be redeemed before maturity only at the option of the insurer and with the prior written approval of the Commission; and

(e) the subordinated loan shall not, in the event of the winding up of the insurer, be repaid until the claims of policyholders and other creditors have been fully satisfied.

4. **Commencement**

These Rules shall come into operation on 31 December 2010.

Made by the Financial Services Commission on 29 December 2010.