

VIRGIN ISLANDS
INSURANCE (AMENDMENT) REGULATIONS, 2005
ARRANGEMENT OF REGULATIONS

Regulation

1. . Citation.
2. . Regulation 8 amended.

VIRGIN ISLANDS

STATUTORY INSTRUMENT 2006 NO. 1

**INSURANCE ACT, 1994
(No. 15 of 1994)**

Insurance (Amendment) Regulations, 2005

[Gazetted 9th February, 2006]

The Governor in Council, acting on the advice of the Financial Services Commission and in exercise of the powers conferred by section 77(1) of the Insurance Act, 1994 (No. 15 of 1994), makes the following Regulations:

Citation.

1. These Regulations may be cited as the Insurance (Amendment) Regulations, 2005.

Regulation 8
amended.
S.I. 1995 No. 10

2. Regulation 8 of the Insurance Regulations, 1995 is amended

(a) in subregulation (2), by deleting paragraphs (a) to (h) and substituting the following paragraphs:

“(a) cash in hand or cash on deposit with

(i) financial institutions regulated in the United Kingdom or other OECD country;

(ii) financial institutions regulated in a dependent territory, or an overseas territory, of the United Kingdom or other OECD country; or

(iii) any other financial institution approved by the Commission;

(b) irrevocable letters of credit not exceeding one million dollars issued by

(i) financial institutions regulated in the United Kingdom or other OECD country,

(ii) financial institutions regulated in a dependent territory, or an overseas territory,

of the United Kingdom or other OECD country, or

- (iii) any other financial institution approved by the Commission,

or irrevocable letters of credit exceeding one million dollars approved by the Commission;

- (c) debt securities issued or guaranteed by the government of

- (i) the United Kingdom or other OECD country,

- (ii) a dependent territory, or an overseas territory, of the United Kingdom or other OECD country, or

- (iii) any other country or territory approved by the Commission,

provided that the government of such country or territory has not defaulted on, or rescheduled, any debt;

- (d) debt securities traded on a recognised stock exchange and issued or guaranteed by

- (i) a government not covered in paragraph (c),

- (ii) a municipal corporation under the authority of any of the governments mentioned in paragraph (c), or

- (iii) any other corporation,

that are rated by a credit assessment institution recognised by the Commission as having

- (A) a current high grade rating based on guidelines issued by the Commission, subject to the value of such debt securities and all other assets and securities issued by the counterparty not exceeding twenty

per cent of the summation of the insurer's total liabilities and the minimum margin of solvency for the corporation or government; or

- (B) a current medium grade rating based on guidelines issued by the Commission, subject to the value of such debt securities and all other assets and securities issued by the counterparty not exceeding fifteen per cent of the summation of the insurer's total liabilities and the minimum margin of solvency for the corporation or government;
- (e) investments in an index that is traded on a stock exchange recognised by the Commission, subject to the value of an investment in any single index not exceeding thirty per cent of the summation of the insurer's total liabilities and minimum margin of solvency;
- (f) mutual funds traded on a stock exchange recognised by the Commission, subject to the value of an investment in any single mutual fund not exceeding thirty per cent of the summation of the insurer's total liabilities and minimum margin of solvency, provided that the value of the assets contained in the mutual fund shall be based on the assets considered allowable under this subregulation;
- (g) equity securities quoted on a stock exchange recognised by the Commission, subject to the value of such securities and all other assets and securities issued by the counterparty not exceeding fifteen per cent of the summation of the insurer's total liabilities and minimum margin of solvency;
- (h) premiums receivable not more than six months overdue;
- (i) net reinsurance balances receivable not more than six months overdue;

- (j) accounts receivable net of provision for bad and doubtful debts and not more than six months overdue;
 - (k) seventy-five per cent of the value of secured factored loans with the insurer's parent company or any of the insurer's subsidiaries or affiliates, subject to such allowable value not exceeding seventy-five per cent of the summation of the insurer's total liabilities and minimum margin of solvency;
 - (l) twenty per cent of the value of secured advances to and investments in the insurer's parent company or any of the insurer's subsidiaries or affiliates (other than secured factored loans), subject to such allowable value of the advance or investment and all secured factored loans not exceeding seventy-five per cent of the summation of the insurer's total liabilities and minimum margin of solvency.”;
- (b) in subregulation (3), by deleting paragraphs (a) to (c) and substituting the following paragraphs:
- “(a) investments in and advances to the insurer's parent company or any of the insurer's subsidiaries or affiliates not covered by subregulation (2)(k) or (l), unless specifically approved by the Commission;
 - (b) real property or mortgages on real property;
 - (c) securities which are not quoted on a stock exchange recognised by the Commission;
 - (d) financial assets or liabilities whose value depends on or is derived from other assets, liabilities or indices;
 - (e) investments in non-traded mutual funds, unless specifically approved by the Commission;
 - (f) factored loans with unconnected parties.”.

Made by the Governor in Council this 21st day of December, 2005.

SUZETTE VANTERPOOL,
Clerk of the Executive Council.