

CAYMAN ISLANDS



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**THE INSURANCE LAW, 1979**  
(Law 24 of 1979)

Date of operation:  
Notice of non-disallowance published in Gazette of 1979

CAYMAN ISLANDS

**THE INSURANCE LAW, 1979**

**ARRANGEMENT OF SECTIONS**

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confirmation of the Legislative Assembly.

Penal.

16. (1) Whoever for any purpose of this Law makes any representation in the truth of which he does not believe (the onus of proof of his belief being upon him) is guilty of an offence and liable on summary conviction to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding two years or both.

(2) Whoever by any act or omission contravenes any requirement of this Law for which no specific penalty is provided, whether such contravention is or is not specifically stated to be an offence is guilty of an offence and liable on summary conviction to a fine not exceeding \$5,000 or to imprisonment for a term not exceeding one year or both.

THE SCHEDULE

Scale of Annual Licence Fees  
(Section 4 (10) )

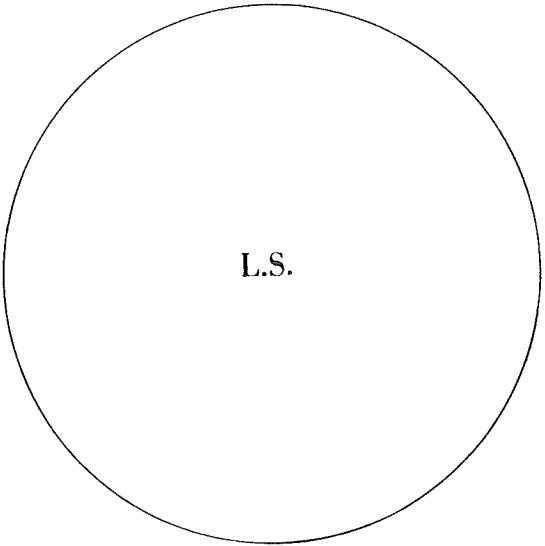
Class 'A' _____	\$1,500.
Class 'B' (Unrestricted) _____	\$3,000.
Class 'B' (Restricted) _____	\$3,000.
Insurance agent _____	\$100.
Insurance broker _____	\$750.
Insurance sub-agent _____	\$50.
Underwriting manager _____	\$5,000.

Passed the Legislative Assembly this 6th day of September, 1979.

T. RUSSELL  
President

ALINE WOOD  
Acting Clerk of the Legislative Assembly

CAYMAN ISLANDS



Law 24 of 1979

I assent

T. RUSSELL  
Governor

2nd October, 1979

A LAW to licence and control the business of insurance and assurance and to provide for connected and related matters

ENACTED by the Legislature of the Cayman Islands.

Short title  
and commence-  
ment.

1. This Law may be cited as the Insurance Law, 1979, and shall come into operation on a day to be appointed by the Governor by Notice published in the *Gazette*.

Interpreta-  
tion.

2. In this Law, unless the context otherwise requires –

“actuary” means a person who has qualified as an actuary by examination of the Institute of Actuaries in England or the Faculty of Actuaries in Scotland or the Society of Actuaries in the United States of America or Canada, and who is a current member of good standing of one of the above professional associations or a person of good standing with some other actuarial qualification who is recognized by the Governor as such for the purpose of this Law;

“approved external insurer” means an insurer licensed as such under section 4 (7);

“auditor” means a person who has qualified as an accountant by examination of one of the Institutes of Chartered Accountants in England and Wales, Ireland and Scotland, or the Canadian Institute of Chartered Accountants or the American Institute of Certified Public Accountants, and who is a current member of good standing of one of the above Institutes or a person of good

standing with some other accountancy qualification who is recognized by the Governor as such for the purpose of this Law;

“contract” includes policy;

“domestic business” means insurance business where the contract is in respect of the life, safety, fidelity, or insurable interest (other than in respect of property) of a person who at the time of effecting the contract is ordinarily resident in the Islands, or property that at the time of effecting the contract in the Islands or, in the case of a vehicle, vessel or aircraft, or other movable property ordinarily based in the Islands (but does not include re-insurance business);

Cap. 22

“exempted company” has the meaning ascribed to it in the Companies Law;

Cap. 22

“exempted insurer” means an insurer incorporated as an exempted company or a non-resident company which is a foreign company registered as such under Part VIII of the Companies Law;

“external insurer” means an insurer who is neither a local nor an exempted insurer;

“financial year” in relation to a licensee means the period not exceeding fifty-three weeks at the end of which the balance of the licensee’s accounts is struck or, if no such balance is struck or if a period in excess of fifty-three weeks is employed, then a calendar year;

“general business” means insurance business other than long term business;

“Governor” means the Governor in Council;

“insurance agent” means a person (not being an insurer) who solicits directly, or through representatives, advertising or other means, domestic business on behalf of not more than one insurer;

“insurance broker” means a person (not being an insurer) who solicits directly, or through representatives, advertising or other means, domestic business on behalf of more than one insurer, or for placement with insurers;

“insurance business” means the business of effecting and carrying out contracts –

- (a) protecting persons against loss or liability to loss in respect of risks to which such persons may be exposed; or
- (b) to pay a sum of money or other thing of value upon the happening of an event;

and includes re-insurance business;

“insurance sub-agent” means a person (not being an insurer,

to the public interest that the licensee should continue to carry on business he may without compensation to the licensee, revoke the relevant licence.

(3) The Governor shall cause suspension and revocation of licences under this section to be gazetted.

Appeals.

13. (1) An appeal shall lie to the Grand Court against any order of the Governor to suspend or revoke a licence under section 12 (1) or 12 (2) as the case may be.

(2) An appeal under this section shall not operate as a stay of any decision appealed against.

Law 8 of 1975.

(3) The Rules Committee of the Grand Court may make Rules of Procedure governing the conduct of appeals under this section.

Application,  
etc.

14. (1) Nothing in this Law derogates from any provision of the Caymanian Protection Law relating to gainful occupation licences.

Caymanian  
Protection  
Law (R).  
Local Companies  
(Control) Law (R).  
Trade and Business  
Licensing Law (R).

(2) Every company while licensed under this Law is deemed to be licensed under the Local Companies (Control) Law and the Trade and Business Licensing Law in its appropriate class.

(3) This Law has no application to or effect upon –

- (a) governmental pension arrangements;
- (b) the validity of policies of insurance in existence at the date of coming into effect of this Law;
- (c) the Friendly Societies Law (Revised); or
- (d) pecuniary loss insurance provided by banks licensed under the Banks and Trust Companies Regulation Law (Revised).

Friendly  
Societies  
Law (R)  
Banks and  
Trust Companies  
Regulation  
Law Revised.

Regulations.

15. The Governor may make Regulations –

- (a) prescribing anything by this Law required to be prescribed;
- (b) exempting any person or class of persons or business or class of business from any provision of this Law;
- (c) prescribing forms to be used;
- (d) prescribing the format for any returns to be made under this Law;
- (e) varying capital and liquidity margins and ratios to be maintained by licensees under this Law; and
- (f) amending the Schedule save that any amendment increasing the scale of fees prescribed in the Schedule shall require the

one insurance agent only, or for one insurance broker only, and the name of such insurance agent or insurance broker;

- (b) confirmation in writing that the information set out in the application for the said sub-agent's licence, as modified by subsequent notifications of changes in accordance with section 4 (3), remains correct and gives a full and fair picture of the said sub-agent's insurance activities.

(4) Every licensed underwriting manager shall furnish to the Governor within six months of the end of his financial year the following information –

- (a) a list of all insurers for whom the said underwriting manager acts;
- (b) confirmation in writing that the information set out in the application for the said underwriting manager's licence, as modified by subsequent notifications of changes in accordance with section 4 (3), remains correct and gives a full and fair picture of the said underwriting manager's activities.

(5) The Governor may prescribe additions, deletions or modifications to the returns required to be made by licensees under this section.

Preservation  
of secrecy.

11. (1) Except for the purpose of the performance of his duties in the exercise of his functions under this Law or when lawfully required to do so by any court of competent jurisdiction within the Islands or under the provisions of any Law of the Islands, neither the Superintendent nor any person acting under his authority shall disclose any information relating to any application by any person under the provisions of this Law or to the affairs of a licensee or of any policy holder of a licensee which he has acquired in the performance of his duties or the exercise of his functions under this Law.

(2) Whoever contravenes subsection (1) is guilty of an offence and is liable on summary conviction to a fine of one thousand dollars or to imprisonment for six months or both.

Powers of the  
Governor in  
case of  
suspected  
insolvency etc.  
of licensees.

12. (1) Where the Governor is of the opinion that a licensee is –

- (a) carrying on business in a manner likely to be detrimental to the public interest or to the interest of its creditors or policy holders; or

- (b) in contravention of this Law

he may require such licensee forthwith to take steps to rectify the matter or may suspend the licence of the licensee pending a full enquiry into the licensee's affairs made under the provisions of section 5 (2) (b).

(2) When the Governor, having received a report upon any licensee under section 5 (2) (b), is of the opinion that it is detrimental

insurance agent or insurance broker) who solicits directly or through advertising or other means, domestic business on behalf of an insurance agent, or on behalf of an insurance broker;

“insurer” means a person carrying on insurance business who is either –

- (a) an insurance company or mutual insurance office; or
- (b) an association of individual underwriters including Lloyd's of London and other associations of underwriters recognized by the Governor and which comply with such laws as are enacted in their principal place of residence for their regulation and supervision;

“licence” and its cognates means a licence granted under this Law;

“local insurer” means an insurer, other than an exempted insurer, incorporated or constituted in and having its head office in the Islands;

“long term business” means insurance business involving the making of contracts of insurance –

- (a) on human life or contracts to pay annuities on human life;
- (b) against risks of the persons insured sustaining injury as the result of an accident or of an accident of a specified class or dying as the result of an accident or of an accident of a specified class or becoming incapacitated in consequence of disease or diseases of a specified class, being contracts that are expressed to be in effect for a period of not less than five years or without limit of time and either not expressed to be terminable by the insurer before the expiration of five years from the taking effect thereof or are expressed to be so terminable before the expiration of that period only in special circumstances therein mentioned;
- (c) whether by bonds, endowment certificates or otherwise whereby in return for one or more premiums paid to the insurer a sum or series of sums is to become payable to the person insured in the future, not being contracts falling within paragraphs (a) or (b);

“net worth” means excess of assets (including any contingent or reserve fund secured to the satisfaction of the Governor) over liabilities other than liabilities to partners or shareholders;

“non-resident company” means a company declared to be such under the Exchange Control Regulation Law (Revised);

“policy holder” means the person with whom an insurer has

Exchange  
Control  
Regulation  
Law (Revised)

effected a contract of insurance;

“prescribed” means prescribed by this Law or any Regulation;

“Superintendent” means the Superintendent of Insurance appointed under section 5; and

“underwriting manager” means a person operating in or from within the Islands who, as manager or consultant, (but not as a bona fide employee) provides underwriting and insurance expertise for one or more exempted insurers.

Insurance  
businesses  
to be  
licensed.

3. (1) Whoever not being licensed in that behalf carries on insurance business in or from within the Islands is guilty of an offence.

(2) Whoever, not being licensed in that behalf, in or from within the Islands acts as —

- (i) an underwriting manager;
- (ii) an insurance broker;
- (iii) an insurance agent; or
- (iv) an insurance sub-agent,

is guilty of an offence.

(3) Persons already carrying on insurance business at the date of commencement of this Law, who within six months make application for an appropriate licence hereunder with tender of the prescribed fee shall be granted such a licence for one year commencing retrospectively from that date.

Application  
for licences.

4. (1) Persons desiring to carry on insurance business in or from within the Islands may make application in writing to the Governor for the grant of a licence under one or more of the following categories —

- (a) Class ‘A’ Insurer’s Licence;
- (b) Unrestricted Class ‘B’ Insurer’s Licence;
- (c) Restricted Class ‘B’ Insurer’s Licence;
- (d) Insurance Agent’s Licence;
- (e) Insurance Broker’s Licence;
- (f) Insurance Sub-Agent’s Licence; and
- (g) Underwriting Manager’s Licence.

(2) Applications shall be in the form prescribed and accompanied by the prescribed fee (to be returnable if the licence is not granted) and the Governor, if satisfied that it will not be against the public interest, may grant a licence subject to such conditions as to him appear necessary or desirable. Any decision to refuse to grant a licence is final and conclusive and not subject to any appeal to or review by, any court.

(3) It is a condition of every licence that the licensee shall notify the Governor forthwith of any change in the information supplied in

Annual returns  
by other  
licensees.

modifications to the returns required to be made by licensees under this section.

10. (1) Every licensed insurance agent shall furnish to the Governor within six months of the end of each calendar year the following returns in respect of his domestic business —

- (a) confirmation in writing that the said agent is acting for one insurer only and the name of that insurer;
- (b) evidence of the existence of a power of attorney, agency agreement or guarantee or professional indemnity insurance as referred under section 8 (3);
- (c) a list of the sub-agents, if any, authorised by the said agent to solicit domestic business on his behalf and on behalf of the insurer whom he represents;
- (d) confirmation in writing that the information set out in the application of the said agent’s licence, as modified by subsequent notifications of changes in accordance with section 4 (3), remains correct and gives a full and fair picture of the said agent’s business.

(2) Every licensed insurance broker shall furnish to the Governor within six months of the end of his financial year the following information in respect of his domestic business —

- (a) a list of all insurers for whom the said insurance broker is authorised to act, and the premium income to each such insurer during the last financial year;
- (b) evidence of the existence of professional indemnity insurance in respect of his activities as an insurance broker, as required under section 8 (2);
- (c) a list of the sub-agents, if any, authorized by the said insurance broker to solicit domestic business on his behalf and on behalf of the insurers whom he represents;
- (d) confirmation in writing that the information set out in the application for the said insurance broker’s licence, as modified by subsequent notifications of changes in accordance with section 4 (3), remains correct and gives a full and fair picture of the said insurance broker’s business.

(3) Every licensed insurance sub-agent shall furnish to the Governor before the renewal of his licence —

- (a) confirmation in writing that the said sub-agent is acting for

proved external insurer shall furnish to the Governor within six months of the end of its financial year the following annual returns –

- (a) written confirmation from an independent auditor that annual accounts have been prepared as required under section 7 (3) and whether or not auditor's certificate for such accounts is unqualified;
- (b) a certificate of compliance as required by section 7 (2);
- (c) if the said insurer is licensed under Class 'A' for general business, a financial statement in the prescribed form, certified by an independent auditor, in accordance with section 7 (4);
- (d) if the said insurer is licensed under Class 'A' for long term business, an actuarial valuation of its assets and liabilities, certified by an actuary, in accordance with section 7 (5);
- (e) if the said insurer is an external insurer which has a branch or other subsidiary activity in the Islands which is constituted as a separate legal entity, written confirmation that the said insurer accepts responsibility for all contracts issued by such branch or subsidiary activity and also for all acts, omissions and liabilities of such branch or subsidiary activity;
- (f) if the said insurer is licensed for general business, such information as the Governor may require concerning the availability of funds for prompt settlement of claims under general domestic business;
- (g) if the said insurer is licensed for long term business such information as the Governor may require concerning the investment of premium income received from such domestic long term business in prescribed investments within the Islands;
- (h) a list of insurance agents and insurance brokers who have the said insurer's authority to effect domestic business on its behalf.

(3) Every insurer licensed under Class 'B' shall furnish to the Governor within six months of the end of its financial year the following annual returns –

- (a) written confirmation from an independent auditor that annual accounts have been prepared as required under section 7 (3) and whether or not the auditors' certificate for such accounts is unqualified;

- (b) a certificate of compliance as required by section 7 (2).

(4) The Governor may prescribe additions, deletions or

the application.

(4) A Class 'A' insurer's licence permits a local or an external insurer to carry on insurance business generally in or from within the Islands.

(5) An unrestricted Class 'B' insurer's license permits an exempted insurer to carry on insurance business other than domestic business from within the Islands.

(6) A restricted Class 'B' insurer's licence permits an exempted insurer where such insurer is constituted through partnership, shareholding, or other acceptable mutual association by one or more members having a common trade, profession, affinity or other special interest only to accept insurance business other than domestic business from its member or members or such other persons as may be specifically approved by the Governor.

(7) An external insurer having its principal or registered office in a place outside the Islands where the legislation for the regulation and supervision of insurers is acceptable to the Governor may be licensed as an approved external insurer under Class 'A'.

(8) No insurer's licence other than a restricted Class 'B' licence shall be granted to any person whose net worth –

(a) in the case of an insurer effecting general business but not long term business is less than \$100,000;

(b) in the case of an insurer effecting long term business but not general business is less than \$200,000;

(c) in the case of an insurer effecting long term business and general business is less than \$300,000.

(9) the Governor may revoke any licence –

(a) if the licensee ceases to carry on insurance business; or

(b) if the licensee becomes bankrupt or goes into liquidation or is wound up or otherwise dissolved; or

(c) in the circumstances provided for in section 12.

(10) Every holder of a current licence shall on or before every 15th day of January during the currency of the licence pay to the Financial Secretary for the benefit of the revenue the annual fee prescribed in the Schedule in respect of each class of licence held.

(11) The Governor shall cause the granting of licences under this section to be gazetted.

The Schedule.

The Superintendent of Insurance.

5. (1) The Governor shall appoint a Superintendent of Insurance

for the general administration of this Law.

(2) It is the duty of the Superintendent —

- (a) to maintain a general review of insurance practice in the Islands;
- (b) of his own motion or when so required by the Governor to examine the affairs or business of any licensee carrying on insurance business in or from within the Islands for the purpose of satisfying himself that the provisions of this Law are being complied with and that the licensee is in a sound financial position, and is carrying on his business in a satisfactory manner, and to report to the Governor the results of every such examination;
- (c) to examine and report on the annual returns delivered to the Governor pursuant to sections 8 and 9;
- (d) to examine and make recommendations to the Governor with respect to applications for licences under section 4.

(3) In the performance of his functions under this Law and subject to the provisions of section 11 the Superintendent may at all reasonable times —

- (a) have access to such books, records, vouchers, documents, policies, contracts, cash and securities of any licensee;
- (b) call upon the manager or any officer designated by the manager of any licensee for such information or explanation as the Superintendent may reasonably require for the purpose of enabling him to perform his functions under this Law;

Provided that the Superintendent shall only have access to the account of a policy holder of a licensee or to any information, matter or thing relating to or concerning the affairs of any policy holder of a licensee with the consent of the policy holder or under the authority of an order of a judge of the Grand Court made on the ground that there are no other means of obtaining the information required by him.

(4) The Superintendent with the approval of the Governor may authorise in writing any other person to assist him in the performance of his functions.

(5) Whoever fails to comply with any requirement lawfully made pursuant to subsection (3) is guilty of an offence.

6. (1) Whoever, not having the approval of the Governor or being a licensee —

- (a) uses or continues to use the words “insurance”, “assurance”, “indemnity”, “guarantee”, “underwriting”, “re-insurance”, “surety”, “casualty”, or any other word which in

Use of  
the word  
“insurance”  
etc.

deavours to carry on insurance and re-insurance business only with insurers of sound reputation.

In the event that such underwriting manager feels cause for concern regarding the probity or soundness of any insurer or re-insurer for whom or with whom he is carrying on business, he shall report the same forthwith to the Governor.

(6) A licensed underwriting manager who also carries on insurance business as an insurance broker or as an insurance agent is required to be licensed in respect of each such activity.

Annual returns  
by licensed  
insurers.

9. (1) Each licensed approved external insurer who is carrying on domestic business shall furnish to the Governor within six months of the end of its financial year the following returns —

- (a) a certificate of solvency or of compliance with insurance legislation specifically enacted in the country or place where the said external insurer is constituted for its supervision and regulation, or some equivalent document acceptable to the Governor;
- (b) written confirmation that such certificate or equivalent document referred to in paragraph (a) embraces the said insurer's liabilities in respect of its domestic business;
- (c) if the said insurer has a branch or other subsidiary activity in the Islands, written confirmation that the said insurer accepts responsibility for all contracts issued by such branch or subsidiary activity and also for all acts, omissions and liabilities of such branch or subsidiary activity;
- (d) in respect of the said insurer's general domestic business, such information as the Governor may require concerning the availability of funds for prompt settlement of claims under such business;
- (e) in respect of the said insurer's long term domestic business, such information as the Governor may require concerning the investment of premium income received by the said insurer from such business in prescribed investments within the Islands;
- (f) a list of insurance agents and insurance brokers who have the said insurer's authority to effect domestic business on its behalf;
- (g) written confirmation that the information set out in the application for the said insurer's licence, as modified by subsequent notifications of changes in accordance with subsection (3) of section 4, remains correct, and gives a full and fair picture of the said insurer's business.

(2) Every insurer licensed under Class ‘A’ other than an ap-



Such dispensation, if granted, shall be subject to review at such intervals, if any, as the Governor may specify when granting the dispensation and there shall be no appeal against the refusal of any such dispensation or renewal thereof.

Subparagraph (c) (i) of section 7 (1) shall apply to a policy placed under this subsection.

General  
requirements  
for other  
licensees.

8. (1) An insurance agent who acts on behalf of more than one insurer, is deemed for the purpose of this Law to be acting as an insurance broker.

(2) A licensed insurance broker shall maintain in force professional indemnity insurance in respect of his insurance broking activities, placed with an insurer licensed to carry on domestic business and for an indemnity of not less than \$100,000 for any one loss, or such other figure as may be prescribed by the Governor. Such professional indemnity insurance shall extend to include the activities on behalf of the broker or his sub-agents, if any.

In the event that such professional indemnity insurance be withdrawn, or cancelled, or the said insurance be not renewed, the said broker shall immediately notify the Governor and shall forthwith cease to solicit further insurance business until such professional indemnity insurance has been reinstated or replaced.

(3) (a) A licensed insurance agent shall provide evidence satisfactory to the Governor of a power of attorney, agency agreement or guarantee satisfactory to the Governor, between the agent and the insurer for whom such agent acts. Such power of attorney, agency agreement or guarantee shall extend to include the activities on behalf of the insurer and the agent or his sub-agents, if any. In the event that such power of attorney, agency agreement or guarantee is withdrawn or such agreement is determined the said agent shall immediately notify the Governor and shall forthwith cease to solicit further insurance business until such power of attorney or guarantee has been reinstated.

(b) A licensed insurance agent may, as an alternative to meeting the requirement laid down in sub-section (3) (a), maintain in force professional indemnity insurance in like manner and for a like amount as if he had been a licensed insurance broker as in subsection (2).

(4) A licensed insurance sub-agent may not solicit or carry on insurance business on behalf of more than one insurance agent, or on behalf of more than one insurance broker. If the professional indemnity insurance or power of attorney, agency agreement or guarantee, as the case may be, referred to in subsections (2) and (3), is for any reason withdrawn from the said sub-agent, then the licence of the said sub-agent is *ipso facto* suspended until such time as such professional indemnity insurance, power of attorney, agency agreement or guarantee, as the case may be, is reinstated.

(5) A licensed underwriting manager shall use his best en-

the opinion of the Governor connotes insurance business or any of their derivatives in English or in any other language in the description or title under which he carries on business in or from within the Islands; or

(b) makes or continues to make any representation in any billhead, letter, letterhead, circular, paper, notice, advertisement or in any manner whatsoever that he is carrying on insurance business,

is guilty of an offence.

(2) Before giving his approval under subsection (1) the Governor may require of any person such references and such information and particulars as may be prescribed.

(3) The Governor may revoke the licence of any person who carries on insurance business, or acts as an underwriting manager, an insurance broker, an insurance agent or an insurance sub-agent, under a name which -

(a) is identical with that of any other person, company, firm or business house whether within the Islands or not or which so nearly resembles that name as to be calculated to deceive; or

(b) is calculated to suggest, falsely, the patronage of or connection with some person of authority whether within the Islands or not; or

(c) is calculated falsely to suggest that such person has a special status in relation to or derived from the Government of the Cayman Islands, or has the official backing of or acts on behalf of the said Government or of any department or official thereof or is recognised in the Islands as a national insurer, insurance broker, insurance agent or underwriting manager; or

(d) is calculated falsely to suggest that the licensee is carrying on insurance business in a different category from that in respect of which he is licensed.

General  
requirements  
for licensed  
insurers.

7. (1) (a) In respect of a licensed insurer's long term domestic business the Governor may prescribe that such insurer shall invest each year a prescribed proportion, not exceeding 25 per centum of its annual premium income, in prescribed investments within the Islands.

(b) In respect of a licensed insurer's general domestic business the Governor may prescribe that such insurer shall maintain within the Islands in cash, short term securities, or other easily realizable investments, adequate funds, but not exceeding 40 per centum of its annual premium income, for prompt payment of normal claims.

(c) (i) Every contract of domestic business shall be subject to the non-exclusive jurisdiction of the courts of the

Islands, notwithstanding any provision to the contrary contained in such contract or in any agreement related to such contract.

- (ii) Every licensed insurer shall nominate at least one person resident in the Islands approved by the Governor who is authorized to accept on its behalf service of process in any legal proceedings on behalf of such insurer, and any notices required to be served on it.

(2) Licensed insurers, other than approved external insurers may only carry on insurance business in accordance with the information given in their licence applications. Any proposed change in the nature of such business requires the prior approval of the Governor. Such insurers shall furnish annually to the Governor a certificate of compliance with this provision, in the prescribed form, signed by an independent auditor, by a licensed underwriting manager or by such other person as the Governor may approve.

(3) Every licensed insurer, other than an approved external insurer, shall prepare annual accounts in accordance with generally accepted accounting principles, audited by an independent auditor.

(4) Every insurer licensed under Class 'A' other than an approved external insurer, who is carrying on general business shall, in addition, to the requirement in subsection (3), prepare annually a financial statement in the prescribed form, certified by an independent auditor, to enable the Governor to be satisfied as to its solvency.

(5) Every insurer licensed under Class 'A', other than an approved external insurer, who is carrying on long term business shall, in addition to subsection (3) above, prepare annually an actuarial valuation of its assets and liabilities, certified by an actuary, so as to enable the Governor to be satisfied as to its solvency. Furthermore –

- (a) every such insurer carrying on both long term business and general business shall keep separate accounts in respect of its long term business;
- (b) (i) all receipts by any such insurer of funds in respect of its long term business shall be placed in a separate long term business fund;
- (ii) payments from the said long term business fund shall not be made directly or indirectly for any purpose other than those of the insurer's long term business, except insofar as such payments can be made out of any surplus disclosed on an actuarial valuation and certified by an actuary to be distributable otherwise than to policyholders.

(6) In respect of any insurer other than an approved external insurer –

- (a) each such insurer shall appoint a principal representative resident in the Islands and maintain permanently at a designated principal office normally in the Islands (unless some other location is approved by the Governor) full and proper records of its business activities;
- (b) each such insurer carrying on besides insurance any other business shall keep separate accounts in respect of its insurance business and shall segregate the assets and liabilities of its insurance business from those of its other business;
- (c) the Governor may prescribe that any such insurer (other than a holder of a restricted Class 'B' insurer's licence) shall not without the specific approval of the Superintendent make investments of a specified class and may in that case require such insurer to realise investments of that class within such period as may be prescribed;
- (d) no such insurer shall without the sanction of the Governor –
  - (i) amalgamate with any one or more insurers;
  - (ii) other than in the normal course of insurance business, transfer its insurance operations or a part thereof or accept transfer of the insurance operations or a part thereof from another insurer.

(7) An insurer licensed under Class 'B' may not carry on domestic business except to the extent that such business forms a minor part of the international risk of a policyholder whose main activities are in territories outside the Islands. Any such insurer shall forthwith give full particulars in writing to the Superintendent of any domestic business so carried on by the insurer.

(8) A licensed insurance broker may obtain a special dispensation from the Governor to place a policy or contract of domestic business with one or more unlicensed insurers where –

- (i) the said insurers have not been refused a licence under this Law;
- (ii) the said insurers are approved by the Governor as being of sound reputation;
- (iii) the Governor is satisfied that the proposed volume of domestic business to be placed with such unlicensed insurers is inadequate to support the payment of Class 'A' licence fees or that some other good and sufficient reason exists; and
- (iv) the said insurance broker can demonstrate to the satisfaction of the Governor an evident need (in terms of additional capacity, or policy coverage, or otherwise) that the business be so placed.