

SAINT CHRISTOPHER AND NEVIS

STATUTORY RULES AND ORDERS

No. 6 of 2004

ISLAND OF NEVIS

The Minister of Finance in exercise of the powers conferred upon him by section 46 of the Nevis International Insurance Ordinance 2004 makes the following Regulations –

PART I

Preliminary

1. CITATION AND COMMENCEMENT. These Regulations may be cited as the Nevis International Insurance Regulations, 2004 and shall commence on the 1st day of November 2004.

2. INTERPRETATION. In these Regulations unless the context otherwise requires –

“the Ordinance” means The Nevis International Insurance Ordinance, 2004;

“Minister” has the meaning assigned to it by section 2 of the Ordinance;

“Related party” refers to a party having the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operating decisions, and as specified by the International Accounting Standards Board;

“Control person” includes, but is not limited to, any director, officer, manager or shareholder of an entity in relation to which or on whose behalf an application is being made. It may also include undisclosed persons, on whose instructions, whether direct or indirect, any of the above persons or related parties may act with a view to directing the affairs of the entity or related parties for which the application is being made;

“currency” means the United States of America Dollar.

PART II

Forms and Fees

Forms

3. APPLICATIONS MADE IN CONNECTION WITH THE ORDINANCE. Every application for a licence made in connection with the Ordinance shall be in the form and shall contain the information specified in Part A of the Schedule to these Regulations.

4. **CERTIFICATE OF ACTUARY.** The Certificate of Actuary required under section 16 of the Ordinance shall be in the form and shall contain the information specified in Part B of the Schedule to these Regulations.

Fees

5. **APPLICATION, REGISTRATION AND RENEWAL FEES.** (1) The following fees are prescribed –

- | | |
|---|------------|
| a. for an application to carry on reinsurance business from within Nevis | \$380.00 |
| b. for an application to carry on captive insurance business from within Nevis: | |
| i. if Single owner Captive | \$380.00 |
| ii. if Less than 5 owners Captive | \$380.00 |
| iii. if 5 or more owners Captive | \$380.00 |
| c. for an application to carry on general insurance business from within Nevis | \$2,000.00 |
| d. for an application to carry on long-term insurance business from within Nevis | \$2,000.00 |
| e. for an application to act as insurance manager | \$250.00 |
| f. for an application to act as registered agent | \$250.00 |
| g. for registration to carry on reinsurance business from within Nevis | \$1,500.00 |
| h. for registration to carry on any class of captive insurance business from within Nevis | \$1,500.00 |
| i. for registration to carry on general insurance business from within Nevis | \$2,000.00 |
| j. for registration to carry on long-term insurance business from within Nevis | \$2,000.00 |
| k. for registration to act as insurance manager | \$1,000.00 |
| l. for registration to act as registered agent | \$1,000.00 |
| m. for annual renewal fee of reinsurance licence | \$1,000.00 |
| n. for annual renewal fee of any class of captive insurance licence | \$1,000.00 |
| o. for annual renewal of general insurance licence | \$1,000.00 |
| p. for annual renewal of long-term insurance licence | \$1,000.00 |
| q. for annual renewal of insurance manager licence | \$1,000.00 |
| r. for annual renewal of registered agent licence | \$1,000.00 |

(2) In the case of an insurer carrying on more than one class of business the prescribed fee shall be the aggregate of the prescribed fees in respect of each class of business.

(3) Where an insurer is in run-off the prescribed fees shall be fifty percent of the regular fees.

PART III

Minimum Margins of Solvency, Assets and Liabilities

Minimum Margins of Solvency

6. **MINIMUM MARGIN OF SOLVENCY.** The amount by which an insurer's assets must exceed its liabilities shall be referred to as the minimum margin of solvency.

- (a) In the case of an insurer other than an insurer carrying on long-term business, the minimum margin of solvency shall be at least the minimum amount of paid up capital as prescribed in section 7 (1)(b) of the Ordinance or, if greater:
 - i. where the net retained premium of the insurer does not exceed \$5,000,000 the prescribed amount is 20% of net retained premium;
 - ii. where the net retained premium of the insurer exceeds \$5,000,000, the prescribed amount is US\$1,000,000 plus 10% of the amount by which net retained premium exceeds US\$5,000,000.
- (b) In the case of an insurer carrying on long-term business the minimum margin of solvency shall be at least the minimum amount of paid up capital as prescribed in sub-regulation (a)(ii).
- (c) In the case of an insurer carrying on long-term business and other business the minimum margin of solvency shall be the aggregate of the amounts required by sub-regulations (a) and (b) in respect of both categories of business.
- (d) In this Regulation the expression "net retained premium" means the gross premium income earned in respect of business during any financial year of the insurer reduced by any premiums paid by the insurer for approved reinsurance during such financial year.

7. **ALLOWABLE ASSETS.** For the purposes of calculating the margin of solvency of an insurer, the registrar shall take into account all assets of the insurer that he reasonably considers to be allowable and shall exclude all those that he reasonably considers to be not allowable.

Assets and Liabilities

8. **VALUATION OF ASSETS.** The total value of an insurer's assets and the value of any securities owned shall be determined –

- a. by their market value; or
- b. where such market value is not ascertainable, in accordance with generally accepted accounting practices that are considered appropriate by the insurer's approved auditor and acceptable to the Registrar;

Provided that such total value of an insurer's assets must at any time exceed the total amount of its liabilities by the amount prescribed by these Regulations.

9. **CALCULATION OF LIABILITIES.** The total amount of an insurer's liabilities shall be determined in accordance with International Financial Reporting

Standards, as considered appropriate by the insurer's approved auditor and acceptable to the Registrar.

- a. In computing the liabilities of an insurer under this Regulation all contingent and prospective liabilities, other than liabilities in respect of share capital and contributed surplus shall be taken into account.
- b. In the case of an insurer which carries both long-term business and general business, the amount of the liabilities of its long-term business at any time shall, for the purposes of this Regulation be taken to be –
 - i. an amount equal to the total amount at that time standing to the credit of the insurer's long-term business segregated funds; or
 - ii. the amount of those liabilities last ascertained and certified by the insurer's approved actuary pursuant to section 16 of the Ordinance, whichever is greater.

PART IV

Books and Records of Insurers

10. BOOKS AND RECORDS TO BE MAINTAINED AT THE INSURER'S PRINCIPAL OFFICE OR REGISTERED AGENT'S OFFICE. (1) Every licenced insurer shall maintain permanently at its principal office or at the office of its registered agent such books and records of its insurance business and financial affairs –

- a. as will show adequately the type and classes of insurance business carried on by the insurer from within Nevis; and
- b. as will enable the Registrar at any time to conduct a proper examination of the insurer's affairs and to ascertain with reasonable accuracy its financial position.

(2) Without prejudice to the generality of provisions of sub-regulation (1) the books and records to be kept by every licenced insurer at its principal office or its registered agent's office in Nevis shall include –

- a. financial statements;
- b. a record of premium income and claims paid including reinsurance;
- c. a register of the insurer's directors and officers showing their names and addresses;
- d. minutes of all proceedings of the insurer's general meetings, meetings of its directors and of its Committees;
- e. general and subsidiary ledgers and general journals;
- f. a record of the insurer's reinsurance programs or treaties showing underwriting limits by each class of insurance and amounts retained by the insurer;
- g. an up-to-date list of all the insurer's agents;
- h. and any other registers or records as may be directed or authorised by the Registrar.

11. IMPROPER RECORDS TO BE EXAMINED BY AN ACCOUNTANT.

(1) If at any time, it appears to the Registrar that the books of account and records of any insurer are not kept in such a way so as to enable him to conduct a proper examination of the insurer's affairs and to ascertain its financial position, he shall thereupon –

- a. Appoint a competent accountant to examine, under his direction the books of account and records of the delinquent insurer; and
 - b. Such accountant shall give the necessary instructions to the delinquent insurer which shall forthwith rectify the delinquency.
- (2) The expense of such accountant –
- a. Shall not exceed \$2,000.00 per day and shall be borne by the delinquent insurer; and
 - b. Shall be certified and approved by the Minister and thereupon –
 - i. shall be paid forthwith by the delinquent insurer; and
 - ii. if not so paid may be recovered as a debt to the Registrar in his name of office.

Schedule

Part A – Application Forms

Form 1

Application for Insurance Manager's or Registered Agent's Licence



**The Nevis Island Administration
Ministry of Finance and Development
Financial Services Regulation and Supervision Department**

Proposed Name of Entity

Date on which applicant proposes to commence business.

What type of licence is being applied for ?

Insurance Manager

Registered Agent

Physical and Postal Address of Registered Office in Nevis

Street

City

P. O. Box

If incorporated:

- a. Attach evidence of incorporation pursuant to the Nevis Business Corporation Ordinance 1984 as amended or the Companies Ordinance 1999. This will include copies of the Articles of Incorporation, Memorandum of Association,

Articles of Association, or other instrument of constitution of the applicant as may be appropriate. If not yet incorporated, attach the proposed documentation.

- b. List all names (including any previous names), addresses and nationalities of all shareholders. In those instances where shares are held by a corporate body or bodies, the chain of connection to the ultimate owner must be shown. See Personal Questionnaire for Directors and All Control Persons.
- c. Attach curricula vitae of all directors, managers and officers.
- d. Attach the annual accounts, for the two years preceding the year of application, of each shareholder which is a body corporate holding more than ten (10%) percent of the applicants issued share capital or total voting rights, together with similar accounts for the parent body, if any, of each such body corporate.

If not incorporated, names, addresses, nationalities and curricula vitae of the applicant and any person acting as a manager, or other officer or partner as the case may be. See Personal Questionnaire for Directors and All Control Persons.

If incorporated, attach not less than three references acceptable to the Registrar, including one character reference for and one reference verifying the good financial standing of :

- a. Each director, manager and officer of the applicant; and
- b. Each shareholder and each beneficial shareholder who is a natural person holding more than ten (10%) percent of the applicant's issued share capital or total voting rights;

and for each director, manager, officer or shareholder, a police or other certificate satisfactory to the Registrar, that the person has not been convicted of a serious crime or any offence involving dishonesty.

If not incorporated, attach not less than three references acceptable to the Registrar, including one character reference for and one reference verifying the good financial standing of, the applicant and any person acting as a manager, or other officer or partner, as the case may be; and, for each such person, a police or other certificate satisfactory to the Registrar, that the person has not been convicted of a serious crime or any offence involving dishonesty.

Attach a list of all insurers for whom the applicant is, or will be engaged to act as manager or consultant.

Attach a business plan.

Have any parties connected with this application ever applied, either individually or in conjunction with others, for authority to transact insurance business in any other jurisdiction? If so, please give the details. See Personal Questionnaire for Directors and ALL Control Persons.

This application is accordingly hereby made for the licence specified above and it is certified that all the particulars contained in this application and in the documents accompanying it or otherwise furnished in support hereof are true and correct.

Dated:

Name of Applicant(s):

Signed:

Signed:

Signed:

Witness:

Form 2**Personal Questionnaire for Directors and other Control Persons**

**The Nevis Island Administration
Ministry of Finance and Development
Financial Services Regulation and Supervision Department**

Name of Entity in connection with which this form is being completed:

1. Personal Details

Surname	First Name	Middle
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Place of Birth	Date of Birth	Nationality
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Current Address

Street	State/Province	Country
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Previous Name(s):

Surname	First Name	Middle Name
From	To	

Previous Nationalities:

Nationality	From	To
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Previous Addresses:

Address	State/Province	Country
From	To	

Current Occupation

Position	Employer	Address	Country	Date Started
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Occupations Held Within Past Five Years

Position	Employer	Address	Country	From	To
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2. Relationship with the Entity

In what capacity are you completing this form?

Shareholder	<input type="checkbox"/>
Director	<input type="checkbox"/>
Manager	<input type="checkbox"/>
Partner	<input type="checkbox"/>
Member	<input type="checkbox"/>
Other	<input type="checkbox"/>

If other, specify.

Attach supporting documentation.

In carrying out your duties, will you be acting on the directions or instructions of any other individual or institution? Yes

If 'yes', attach relevant details. No

What percentage of shares in the institution are registered in your name or in the name of a related party?

In what percentage of shares are you or any related party beneficially interested?

Are you a significant shareholder of any other insurance company or financial institution, which is now regulated under statute or has applied for such regulation? Yes

If 'yes', attach relevant details. No

Do you in your private capacity, or does any related party, undertake business with the proposed entity? Yes

If 'yes', attach relevant details. No

Are any of the shares in the proposed entity equitably or legally charged or pledged to a third party? Yes

If 'yes', attach relevant details. No

All relevant professional qualifications including dates of qualification.

<u>Qualification</u>	<u>Date obtained</u>
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Other relevant training or experience

<u>Description</u>	<u>Date</u>
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Do you in your personal capacity hold or at any time have held any membership, license or authorisation or been registered as a representative under legislation of any country, relating to banking, investment, insurance, or other finance business? Yes

If 'yes', give particulars. No

Details of license, registration or authorisation from above.

<u>Industry</u>	<u>Authorising Body</u>	<u>License Number</u>	<u>Date Issued</u>
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3. Reputation and Character

Have you at any time been convicted of any offence involving fraud or other dishonesty or an offence under legislation (including insider dealing), relating to institutions providing

financial services, insolvency, consumer credit or consumer protection or any other statutory offence other than a road traffic offence? Yes

If 'yes', give particulars. No

<u>Jurisdiction</u>	<u>Offence</u>	<u>Penalty</u>	<u>Date of Conviction</u>
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Are you currently the subject of bankruptcy, sequestration, or similar proceedings? Yes

If 'yes', attach relevant details. No

Are there any such proceedings pending? Yes

If 'yes', attach relevant details. No

Have you been dismissed or requested to resign from any office or employment, removed from any fiduciary office or position of trust, subject to disciplinary proceedings by your employer or barred from entry to any profession or occupation? Yes

If 'yes', attach relevant details. No

Have you ever been disqualified from acting as a director of a company, or from action in the management or conduct of the affairs of any company, partnership or unincorporated association? Yes

If 'yes', attach relevant details. No

Have you ever in connection with the formation or management of any corporation, partnership, or unincorporated entity, you have been adjudged by a court to be civilly liable for any fraud, malfeasance, or wrongful trading or other misconduct by you towards such a body or towards any members or creditors of such a body? Yes

If 'yes', attach relevant details. No

State below any other material information, which you consider relevant to the assessment of your expertise, experience and record.

4. Declaration

I confirm that the information supplied is complete and correct to the best of my knowledge and belief at the time of submission and that there are no other facts of which the Minister of Finance and the Registrar should be aware.

I undertake to inform the Minister and the Registrar, without delay, of any material changes to the information supplied in this form.

You should be aware, before signing this declaration, that it is an offence to knowingly or recklessly provide the Minister or the Registrar with information, which is false or misleading in a material particular.

Signed:

Name:

Date:

Form 3
Application for Captive Insurer's License



The Nevis Island Administration
Ministry of Finance and Development
Financial Services Regulation and Supervision Department

Proposed Name of Insurer

Class of License being applied for:

- Single owner Captive
 Less than 5 owners Captive
 5 or more owners Captive

Name of Applicant:

Address of Applicant in its place of business:

Street City/State/Province Postal Code Country

Name, Address, Citizenship, Residency of ALL Directors or Trustees as applicable

Name	Address	Citizenship	Residency

Name, Address, Citizenship, Residency of ALL Shareholders

Name	Address	Citizenship	Residency

Name(s) and addresses of ALL Officers and Managers

Name	Office	Address

Name(s) and addresses of Applicant's Legal Counsel, Attorneys, Solicitors

Name	Relationship	Address

Insurance Manager(s)

Name	Company	Address

Registered Agent

Name	Company	Address

Auditors

Name	Company	Address

Issued and Paid Up Capital	Date	Amount
Issued Capital		
Paid Up Capital		

Has the whole of paid up capital been subscribed in Cash?

If 'no', give particulars.

Form	Amount	Date Paid In

Will the insurer be writing 'unrelated business', as stated in section 21(2) of the Ordinance?

If 'yes', give particulars

- Yes
 No

Explain the nature of the connection or association that exists between the insurer and those persons whose risks the insurer intends writing.

What category of business does the insurer propose to write?

- General Business Only
 Long-Term Business Only
 Both General and Long-Term

State category(s) of business which the applicant intends to write and state estimated gross and net premiums by class of business for the first two years of operation.

Year	Category	Gross Premiums	Net Premiums

When does the applicant intend to commence writing the above described business?

Give estimated income for each of the first two years on as realistic basis as possible.

Gross Premiums Written

Less: Reinsurance Premiums Ceded

Net Premiums Written

Reserve for claims incurred but not reported (if applicable)

Commissions and Brokerage Fees

General Administrative Expenses

Other Expenses

Subtotal Expenses

Estimated Net Income for Year

Indicate by checking the appropriate boxes which of the following are or will be located in Nevis:

- Premium Registers Yes No
- Loss Registers Yes No
- Reinsurance Reports Yes No
- Reports of Claim Files Yes No
- Copies of Policies Yes No
- Copies of Reinsurance Treaties and Agreements Yes No

Give addresses where such records are located

Street City Country Postal Code

Does the applicant intend to use protected premium accounts? Yes

If 'yes', describe the manner of segregation of accounts. No

Will such segregation or partition of accounts be used in future? Yes

If 'yes', give particulars. No

Declaration

We confirm that the information supplied is complete and correct to the best of my knowledge and belief at the time of submission and that there are no other facts of which the Minister of Finance and the Registrar should be aware.

We undertake to inform the Minister and the Registrar, without delay, of any material changes to the information supplied in this form.

You should be aware, before signing this declaration, that it is an offence to knowingly or recklessly provide the Minister or the Registrar with information, which is false or misleading in a material particular.

Signed: _____ Date: _____

Capacity _____

Signed: _____ Date: _____

Capacity: _____

Form 4
Application for General, Long-Term or Re-insurer's License



The Nevis Island Administration
Ministry of Finance and Development
Financial Services Regulation and Supervision Department

Proposed Name of Insurer _____

Class of License being applied for:

- General
- Long-Term
- Reinsurance

Name of Applicant: _____

Address of Applicant in its place of business:

Street _____ City/State/Province _____ Postal Code _____ Country _____

Name, Address, Citizenship, Residency of ALL Directors or Trustees as applicable

Name	Address	Citizenship	Residency

Name, Address, Citizenship, Residency of ALL Shareholders

Name	Address	Citizenship	Residency

Name(s) and addresses of ALL Officers and Managers

Name	Office	Address

Name(s) and addresses of Applicant's Legal Counsel, Attorneys, Solicitors

Name	Relationship	Address

Insurance Manager(s)

Name	Company	Address

Registered Agent

Name	Company	Address

Auditors

Name	Company	Address

Issued and Paid up Capital

Date

Amount

Issued Capital

Paid Up Capital

Has the whole of paid up capital been subscribed in Cash?

Yes

If 'yes', give particulars.

No

Form	Amount	Date Paid In

Explain the nature of the connection or association that exists between the insurer and those persons whose risks the insurer intends writing.

What category of business does the insurer propose to write?

General Business Only

Long-Term Business Only

Both General and Long-Term

State category(s) of business which the applicant intends to write and state estimated gross and net premiums by class of business for the first two years of operation.

Year	Category	Gross Premiums	Net Premiums

When does the applicant intend to commence writing the above described business?

Give estimated income for each of the first two years on as realistic basis as possible.

Gross Premiums Written

Less: Reinsurance Premiums Ceded

Net Premiums Written

Reserve for claims incurred but not reported (if applicable)

Commissions and Brokerage Fees

General Administrative Expenses

Other Expenses

Subtotal Expenses

Estimated Net Income for Year

Indicate by checking the appropriate boxes which of the following are or will be located in Nevis:

- Premium Registers Yes No
- Loss Registers Yes No
- Reinsurance Reports Yes No
- Reports of Claim Files Yes No
- Copies of Policies Yes No
- Copies of Reinsurance Treaties and Agreements Yes No

Give addresses where such records are located

Street City Country Postal Code

Does the applicant intend to use protected premium accounts? Yes
 If 'yes', describe the manner of segregation of accounts. No

Will such segregation or partition of accounts be used in future? Yes
 If 'yes', give particulars. No

Declaration

I/We confirm that the information supplied is complete and correct to the best of my/our knowledge and belief at the time of submission and that there are no other facts of which the Minister of Finance and the Registrar should be aware.

We undertake to inform the Minister and the Registrar, without delay, of any material changes to the information supplied in this form.

You should be aware, before signing this declaration, that it is an offence to knowingly or recklessly provide the Minister or the Registrar with information, which is false or misleading in a material particular.

Signed:

Date:

Capacity:

Signed:

Date:

Capacity:

Made this 1st day of November 2004.

VANCE AMORY
Minister of Finance
Nevis Island Administration