

2025-02-18

OBJECTS AND REASONS

This Bill would amend the Insurance Act, Cap. 310 to enhance statutory fund enhancements and to make provision for a risk-based capital and insolvency regime.

Arrangement of Sections

1. Short title
2. Amendment of section 12 of Cap. 310
3. Amendment of section 15 of Cap. 310
4. Amendment of section 22A of Cap. 310
5. Amendment to section 25 of Cap. 310
6. Repeal of sections 26, 27, 28, 29, 30, 31, 32, 33 and 34 of Cap. 310
7. Amendment to section 39 of Cap. 310
8. Amendment to section 49A of Cap. 310
9. Amendment to section 58 of Cap. 310
10. Amendment to section 150 of Cap. 310
11. Amendment to section 151 of Cap. 310
12. Repeal of the Second Schedule

BARBADOS

A Bill entitled

An Act to amend the *Insurance Act*, Cap. 310 to enhance statutory fund enhancements and to make provision for a risk-based capital and insolvency regime.

ENACTED by the Parliament of Barbados as follows:

Short title

1. This Act may be cited as the *Insurance (Amendment) Act, 2025*.

Amendment of section 12 of Cap. 310

2. *Section 12 of the Insurance Act, Cap. 310, in this Act referred to as the principal Act, is amended in subsection (1) by*

(a) deleting paragraph (b) and substituting the following:

“(b) the company is insolvent in terms determined by the Commission;” and

(b) deleting paragraph (h) and substituting the following:

“(h) the company has established and maintained a statutory fund in the manner determined by the Commission;”.

Amendment of section 15 of Cap. 310

3. *Section 15 of the principal Act is amended in subsection (2) by deleting paragraph (b) and substituting the following:*

“(b) the company is insolvent in terms determined by the Commission.”.

Amendment of section 22A of Cap. 310

4. *Section 22A of the principal Act is deleted and the following is substituted:*

“Compliance with requirements

22A.(1) An insurer carrying on insurance business of insuring risks located outside of Barbados and in respect of which premiums originate outside of Barbados shall comply with all requirements determined by the Commission.

(2) Subject to subsection (3), an insurer shall maintain capital, liquidity and assets, including the custody of assets, in accordance with the requirements determined by the Commission.

(3) The Commission may direct an insurer to increase capital or provide additional liquidity, as the case may be, in any form or amount.

(4) Subsections (2) and (3) shall apply to Class 1 and Class 2 insurers.”.

Amendment to section 25 of Cap. 310

5. *Section 25 of the principal Act is deleted and the following is substituted:*

“Establishment and maintenance of statutory funds

25.(1) All companies registered under this Act to carry on long-term insurance business or motor-vehicle insurance business or both in Barbados shall establish and maintain a statutory fund in respect of each such class of business.

(2) A statutory fund shall be established at the date on which the company commences the carrying of either class of business.

(3) A statutory fund referred to in subsection (1) shall be established and maintained in accordance with any directives and guidelines issued by the Commission.

(4) A company shall comply with any directives and guidelines issued by the Commission in relation to the establishment and maintenance of a statutory fund.”.

Repeal of sections 26, 27, 28, 29, 30, 31, 32, 33 and 34 of Cap. 310

6. *Sections 26, 27, 28, 29, 30, 31, 32, 33 and 34 of the principal Act are repealed.*

Amendment to section 39 of Cap. 310

7. *Section 39 of the principal Act is amended in subsection (1) by deleting paragraph (g) and substituting the following:*

“(g) a certificate signed by an actuary certifying that the company has maintained the solvency requirement determined by the Commission;”.

Amendment to section 49A of Cap. 310

8. *Section 49A of the principal Act is deleted and the following is substituted:*

“Non-application of certain sections to class

49A. Sections 22-23, 39(2), 46-49, 100-147, 148-187 shall not apply to Class 1 licensees.”.

Amendment to section 58 of Cap. 310

9. *Section 58 of the principal Act is deleted and the following is substituted:*

“Margin of solvency

58. An insurance company shall, for the purpose of the *Companies Act*, Cap. 308, be deemed to be unable to pay its debts where it fails to meet the solvency requirement determined by the Commission.”.

Amendment to section 150 of Cap. 310

10. *Section 150 of the principal Act is deleted and the following is substituted:*

“Dividend not to impair capital

150. No dividend shall be paid by any local company while its assets are less than the amount required for solvency as determined by the Commission pursuant to section 58 nor shall any dividend be paid that would reduce its assets below the same amount or impair its capital.”.

Amendment to section 151 of Cap. 310

11. *Section 151 of the principal Act is amended by deleting the word “of” appearing immediately before the words “section 58” and inserting the words “as determined by the Commission pursuant to” immediately before the words “section 58”.*

Repeal of the Second Schedule

12. *The Second Schedule to the principal Act is deleted.*