

# APPENDIX

## CAPITAL AND SOLVENCY REQUIREMENTS

### INSURANCE COMPANIES – CLASS 1 AND CLASS 2 LICENSEES

#### 1. MINIMUM CAPITAL REQUIREMENTS

Type of Insurer		Minimum paid-up share capital in cash BDS\$ <sup>1</sup>
i.	Class 1 or Class 2 insurer that carries on insurance business of insuring risks located within Barbados and in respect of which premiums originate within Barbados <ul style="list-style-type: none"> <li>Long-term insurance business</li> <li>General insurance business</li> <li>Long-term and general insurance business</li> <li>Motor vehicle insurance business</li> <li>Industrial life insurance business</li> </ul>	\$3,000,000 \$3,000,000 \$5,000,000 \$1,000,000 \$1,000,000
ii.	Class 1 or Class 2 insurer - insurance business where the risks are located outside Barbados, and in respect of which premiums originate outside Barbados <ul style="list-style-type: none"> <li>Long-term insurance and, or General insurance</li> </ul>	\$250,000 or such other amount as the Commission determines
iii.	A Class 1 or Class 2 insurer that is a segregated cell company licensed to carry on reinsurance business in respect of risks located within Barbados and in respect of which premiums originate within Barbados	Aggregate paid-up capital of \$3,000,000 and each cell shall have a minimum paid-up capital of \$500,000
iv.	A Class 1 or Class 2 insurer that does not intend to write any new business	Capital requirements applicable to the class of licence and type of insurance business

<sup>1</sup> or an equivalent sum in any other currency approved by the Commission, with the capital to be fully paid-up in cash

## 2. SOLVENCY REQUIREMENTS

Type of Insurer	Minimum solvency requirement (in BDS\$)
<p><b>v.</b> Class 1 or Class 2 insurer insuring risks located within Barbados and in respect of which premiums originate within Barbados in the following types of insurance business:</p> <ul style="list-style-type: none"> <li>• Long-term insurance business</li> <li>• General insurance business</li> <li>• Long-term and general insurance business</li> </ul>	<p>An insurer will not meet the solvency requirement where:</p> <ul style="list-style-type: none"> <li>• the value of its assets does not exceed the amount of its liabilities by such an amount as is prescribed by the regulations</li> <li>• the value of its assets does not exceed the amount of its liabilities by: <ul style="list-style-type: none"> <li>i. \$500 000 or an equivalent sum;</li> <li>or</li> <li>ii. 25 per cent of its premium income in respect of its general business in its last preceding financial year,</li> </ul> whichever is the greater amount</li> <li>• the value of its total assets does not exceed its total liabilities by the greater of the amounts specified in items (i) and (ii) above</li> </ul>
<p><b>vi.</b> Class 1 or Class 2 insurer insuring risks located outside of Barbados, and in respect of which premiums originate outside of Barbados, in the following types of insurance business:</p> <ul style="list-style-type: none"> <li>• Long-term insurance business</li> <li>• General insurance business</li> <li>• Long-term and general insurance business</li> </ul>	<p><i>An insurer will not meet the solvency requirement where:</i></p> <ul style="list-style-type: none"> <li>• the value of its assets does not exceed its liabilities</li> <li>• at any time in its first financial year, the value of its assets does not exceed the amount of its liabilities by \$250,000;</li> <li>• at any time after the expiration of the first financial year, the value of its assets does not exceed its liabilities <ul style="list-style-type: none"> <li>(i) by \$250 000, where the premium income of the licensee in the preceding financial year did not exceed \$1,500,000;</li> <li>(ii) by one-fifth of the premium income for the preceding financial year, where the premium income exceeded \$1,500,000 but did not exceed \$10,000,000;</li> <li>(iii) by the aggregate of \$2,000,000 and one-tenth of the amount by which the premium income in the preceding financial year exceeded \$10,000,000, where the premium income for that year exceeded \$10,000,000.</li> </ul> </li> <li>• the value of its total assets does not exceed its total liabilities by the greater of the amounts specified in items (i),(ii) and (iii) above</li> </ul>