



Information Bulletin SR 03/2025: Insurance (Amendment) Act, 2025

The Financial Services Commission (Commission) refers to the [Insurance \(Amendment\) Act, 2025](#) which was passed by the Barbados Parliament earlier this year. The Act amends the [Insurance Act, Cap. 310 \(Insurance Act\)](#), enhances the statutory fund requirements under the existing legislation and makes provision for the introduction of a risk-based capital and solvency regime for insurers.

Information regarding the adoption of risk-based capital and solvency standards along with the interim arrangements pending the implementation of the new standards, are outlined below.

Roadmap to Risk-based Capital and Solvency Requirements

The enactment of the [Insurance \(Amendment\) Act, 2025](#), facilitates the phased introduction and adoption of risk-based capital and solvency requirements for insurers who write business domestically and outside of the jurisdiction, i.e. domestic and international insurers.

Phase 1 Release of guidance on (i) general principles regarding capital and solvency and (ii) domestic insurer statutory fund requirements, for consultation with the industry. The guidelines will outline, among other things:

- i. The factors that the Commission will consider in evaluating the capital adequacy and solvency of insurers, e.g. whether there is enough available capital to absorb losses and sources of future capital or funding.
- ii. Additional information that insurers may be expected to provide e.g. information on internal models used for establishing internal capital adequacy and solvency.
- iii. Measures that insurers are expected to have in place as part of their capital and solvency management framework, e.g. development of a recovery action plan to address scenarios where the insurer's capital falls below internal capital standards and or regulatory requirements.
- iv. Confirmation of the solvency requirements that apply to all insurers. In this regard, the Commission proposes to seek the industry's views on consolidating the approaches to solvency under the [Insurance Act](#) and the former Exempt Insurance Act.
- v. Capital requirements for incorporated cell company and segregated cell company structures.
- vi. Statutory fund assets that will require specific approval of the Commission.
- vii. Requirements for ongoing monitoring of statutory fund adequacy.
- viii. Requirements related to the valuation of statutory fund assets.

Phase 1 is projected to be completed by the end of 2025.

Phase 2 Conceptualisation of risk-based capital and solvency requirements for insurers and consultation with the industry on the proposed options. In this phase, the Commission proposes to engage with the industry through focus groups and wider industry consultations before the Guidelines are formulated and issued for final consultation. The Commission will test the application of the proposed capital and solvency standards.

Phase 3 Release of the risk-based capital and solvency guidelines for implementation with a specified timeframe for insurers to ensure full compliance with the new standards.

Further updates will be provided on Phases 2 and 3 in due course.

Interim Requirements

Pending the implementation of the guidelines referenced at Phase 1 above, insurers are expected to comply with the capital, solvency and statutory fund requirements in place prior to the [Insurance \(Amendment\) Act, 2025](#).

For ease of reference and the avoidance of doubt, the capital and solvency requirements in effect are outlined in **Appendix 1** to this bulletin.

Questions

Questions regarding the Insurance (Amendment) Act, 2025 should be directed to insurance@fsc.gov.bb with the subject “**Query – Insurance (Amendment) Act, 2025**”.