



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**”.

APPENDIX 1

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\$ ¹ |
|-----------------|---|--|
| 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"> Long-term insurance business General insurance business Long-term and general insurance business Motor vehicle insurance business Industrial life insurance business | \$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"> Long-term insurance and, or General insurance | \$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 |

¹ 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>v. 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"> • Long-term insurance business • General insurance business • Long-term and general insurance business | <p>An insurer will not meet the solvency requirement where:</p> <ul style="list-style-type: none"> • the value of its assets does not exceed the amount of its liabilities by such an amount as is prescribed by the regulations • the value of its assets does not exceed the amount of its liabilities by: <ul style="list-style-type: none"> i. \$500 000 or an equivalent sum; or ii. 25 per cent of its premium income in respect of its general business in its last preceding financial year, whichever is the greater amount • 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 |
| <p>vi. 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"> • Long-term insurance business • General insurance business • Long-term and general insurance business | <p><i>An insurer will not meet the solvency requirement where:</i></p> <ul style="list-style-type: none"> • the value of its assets does not exceed its liabilities • at any time in its first financial year, the value of its assets does not exceed the amount of its liabilities by \$250,000; • 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"> (i) by \$250 000, where the premium income of the licensee in the preceding financial year did not exceed \$1,500,000; (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; (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. • 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 |