

S.I. 19 of 2009

INSURANCE ACT, 2008

(Act 11 of 2008)

**Insurance (Domestic Insurance Business)  
Regulations, 2009**

In exercise of the powers conferred by section 124 of the Insurance Act, 2008, the Minister of Finance makes the following Regulations—

1. These Regulations may be cited as the Insurance (Domestic Insurance Business) Regulations, 2009. Citation

2. In these Regulations— Interpretation

“approved investments or approved securities” means those approved investments or approved securities listed in regulation 4;

“financial year” means the year in respect of which the accounts of a licensed insurer are made up, and where by reason of an alteration of the date on which the financial year of a licensed insurer terminates, the accounts have been made up for a lesser period, that lesser period shall be deemed to be the financial year;

“Government” means the Government of the Republic of Seychelles;

“Government securities” includes—

- (a) debentures, stocks, bonds, Treasury Bills and notes; and
- (b) any right or option in respect of any such

Act 12 of 2004 debentures, stocks, bonds, Treasury Bills and notes, issued by the Central Bank under the Central Bank of Seychelles Act, 2004 on behalf of the Government or a foreign government approved by the Minister responsible for Finance;

“licensed insurer” means an insurer licensed by the Authority;

Act 8 of 2007 “securities” has the meaning given to it under the Securities Act, 2007;

Act 8 of 2007 “Seychelles Securities Exchange” has the meaning given to it under the Securities Act, 2007.

Long term  
and general  
insurance  
Fund

3.(1) Subject to subregulation (3), a licensed insurer shall invest and keep invested assets of the long term insurance fund to an amount equivalent to not less than the sum of—

- (a) the amount of its liabilities to holders in Seychelles of long term insurance policies on account of matured claims; and
- (b) the amount required to meet its liabilities on long term insurance policies maturing for payment in Seychelles, less—
  - (i) any amount of premiums which have fallen due to the long term insurer on those policies, but have not been paid and the days of grace for payment of which have not expired; and
  - (ii) any amount due to the long term insurer for loans granted on, and within the surrender values of policies of long term insurance maturing for payment in Seychelles, issued by that insurer or by

another insurer, the business of which, the long term insurer has acquired and in respect of which that long term insurer has assumed liability.

(2) Subject to subregulation (3), a licensed insurer shall invest and keep invested the assets of the general insurance fund to an amount not less than 40 per cent of the amount of premiums which have fallen due to the licensed insurer on such policies at the end of the preceding financial year, whether paid or not yet paid.

(3) A licensed insurer shall invest and keep invested at least 50 per cent of the amount of the assets of the long term or general insurance fund in approved investments or approved securities, within Seychelles.

(4) The investments required to be made under subregulations (1) and (2) shall be made in accordance with regulations 4 and 5.

4. A licensed insurer shall not invest or keep invested any part of its insurance fund otherwise than in any of the following approved investments or approved securities —

- (a) Government securities;
- (b) securities listed on a Seychelles Securities Exchange, or recognised overseas securities exchange as defined by the Securities Act, 2007;
- (c) immovable properties;
- (d) first mortgages on immovable property:

Provided that —

- (i) the property mortgaged is not leasehold

Approved  
investments  
or approved  
securities

Act 8 of 2007

- property with an outstanding term of less than 30 years; and
- (ii) the value of the property exceeds by one-third, or if it consists of buildings, exceeds by one-half, the mortgage money;
- (e) first mortgages on immovable property situated in Seychelles under any housing or building scheme of the licensed insurer;
  - (f) fixed deposits or current deposits with a commercial bank;
  - (g) loans on life interests, or on policies of life insurance within their surrender values issued by the licensed insurer or by another insurer;
  - (h) such other investments as the Authority may, by order published in the Gazette declare to be approved investments or approved securities for the purposes of these regulations.

Investment  
outside  
approved  
investments  
or approved  
securities

5. Notwithstanding regulation 4, a licensed insurer may invest or keep invested any part of the assets of its insurance funds in investments or securities other than the approved investments or approved securities listed in that regulation:

Provided that —

- (a) such investments do not exceed 10 per cent of the assets of the insurer;
- (b) such investments and their continuation are done with the consent of all the directors of the licensed insurer; and
- (c) such investments, including investments in



which a director has an interest, are reported without delay to the Authority with full details of investments and the extent of the director's interest in any such investments.

6. In computing the assets referred to in regulation 3(1) and (2)— Investment

- (a) an investment made in a currency other than the Seychelles rupee, which is in excess of the amounts required to meet the liabilities of a licensed insurer in Seychelles in that currency, to the extent of such excess; and
- (b) an investment in the purchase of an immovable property situated outside Seychelles or on the security of any such property,

shall not be taken into account.

7. The Authority may, generally or in a particular case, direct that an investment, whether made in or outside Seychelles, shall, subject to such conditions as may be imposed by the Authority, be taken into account in such manner as may be specified in computing the assets referred to in regulation 3(1) and (2). Direction of Authority relating to local or foreign investment

8. Where a licensed insurer — Reinsurance business relating to life policies

- (a) has accepted reinsurance in respect of long term insurance policies issued by another insurer and those policies mature for payment in Seychelles, the assets referred to in regulation 3(1) shall be increased by the amount of liability involved in that acceptance; or
- (b) has ceded reinsurance to another insurer in respect of long term insurance policies issued by himself or herself, the assets referred to in

regulation 3(1) shall be decreased by the amount of liability involved in that cession.

Limitation  
of  
investment  
in bank  
deposits

9. A licensed insurer shall not keep more than 10 per cent of the assets of its long term insurance fund in fixed deposit or current deposit, or partly in fixed deposit and partly in current deposit, with a commercial bank.

Direction  
relating to  
unsuitable  
investments

10. If at any time the Authority considers any one or more of the investments constituting a licensed insurer's insurance fund to be unsuitable or undesirable, the Authority may, after giving the insurer an opportunity of being heard, issue such directions as it considers fit, and the insurer shall comply with those directions.

Return

11.(1) Every licensed insurer shall —

- (a) every year, within 40 days from the beginning of the subsequent year, submit to the Authority a return showing —
  - (i) as at the end of the preceding year, the assets held invested in accordance with these regulations; and
  - (ii) other particulars necessary to establish that the requirements of these regulations have been complied with;
- (b) every year, within 15 days from the last day of March, June, and September of that year, submit to the Authority a return showing as at the end of those months, the assets held invested in accordance with these regulations; and
- (c) submit to the Authority a return showing all the changes that have occurred in the assets held invested in accordance with these regulations during each of the period ending on the last day

of June and December, within 31 days from the close of those periods.

(2) The returns required to be submitted under paragraphs (a), (b) and (c), shall be certified by a principal officer of the licensed insurer.

12.(1) A licensed insurer shall submit in respect of assets forming the general insurance fund and long term insurance fund invested and kept invested in accordance with these regulations, a statement that the assets are free of any encumbrance, charge, hypothecation or lien, along with the returns referred to in regulation 11, unless the encumbrance, charge, hypothecation or lien has been approved by the Authority, given generally or in a particular case.

Statement  
relating to  
asset

(2) The licensed insurer shall specify in every statement following that first statement referred to in subregulation (1), the charges, if any, created in respect of any of those assets since the date of that first statement immediately preceding, and, if any such charges have been liquidated, the date on which they were so liquidated.

13. The Authority shall be entitled at any time to take such steps as it may consider necessary for the inspection or verification of the assets required to be invested in compliance with these regulations, and the licensed insurer shall comply with any request made in this behalf by the Authority, and within such time as may be specified by the Authority.

Inspection or  
verification by  
the Authority

14. Notwithstanding anything contained in these regulations, a licensed insurer may, with the prior approval of the Authority, invest and keep invested the assets of its non-Seychelles policy insurance fund in immovable property situated outside Seychelles, in foreign government securities or in bank deposits opened with a financial institution operating outside Seychelles.

Offshore  
policy  
insurance  
fund



Stated  
capital

**15.** For the purpose of section 24(1) of the Act, the stated capital of a licensed insurer —

- (a) exclusively carrying on general insurance business or long term insurance business or both general and long term insurance business, shall be at least 3,000,000 rupees;
- (b) exclusively carrying on reinsurance business, shall be not less than 5,000,000 rupees; or
- (c) exclusively carrying on captive insurance business, shall be not less than 500,000 rupees;

Fund  
margin of  
solvency

**16.(1)** For the purpose of sections 15 and 23 of the Act, the solvency margin of an insurance fund established in respect of general insurance business to be maintained by a licensed insurer at all times during any accounting period shall be —

- (a) for a fund established by a licensed insurer, other than a reinsurer or captive insurer, relating to Seychelles policies, not less than —
  - (i) 2,000,000 rupees;
  - (ii) 20 per cent of net premium income of the fund in the preceding accounting period; or
  - (iii) 20 per cent of loss reserves of the fund at the end of the preceding accounting period,

whichever is the highest;

- (b) for a fund established by a reinsurer or captive insurer relating to Seychelles policies, not less than —
  - (i) 2,000,000 rupees;



- (ii) 20 per cent of net premium income of the fund in the preceding accounting period; or
- (iii) 20 per cent of loss reserves of the fund as at the end of the preceding accounting period,

whichever is the highest.

(2) For the purpose of sections 15 and 23 of the Act, the solvency margin of an insurance fund established in respect of long term insurance business to be maintained by a licensed insurer at all times during any accounting period shall be —

- (a) for a fund established by a licensed insurer, other than a reinsurer or captive insurer, relating to Seychelles policies, not less than the sum of the following items —
  - (i) 3 per cent of the insurer's liabilities as determined under regulation 19 in respect of non-participating policies, and 2 per cent of such liabilities in respect of participating policies, as at the end of the preceding accounting period;
  - (ii) 1 per cent of the sum insured at risk for policies the original term of which is two years or less, and 0.2 per cent of the sum insured at risk for policies the original term of which is more than two years, as at the end of the preceding accounting period;
  - (iii) 20 per cent of net premium income from accident and health policies of the fund in the preceding accounting period or 2,000,000 rupees;

whichever is the highest;

- (b) for a fund established by a reinsurer or captive insurer relating to Seychelles policies, such that the value of its assets exceeds the amount of its liabilities.

(3) For the purpose of subregulation (2)(a)(i), the sum insured at risk may be reduced for any reinsurance ceded up to a maximum of 25 per cent.

(4) For the purpose of subregulation (2)(b), assets representing the surplus of the assets over the liabilities of a reinsurer or captive insurer may be counted towards meeting the solvency margin of the fund, if those assets —

- (a) are valued in accordance with these regulations; and
- (b) can be used only for the purpose of meeting the fund's liabilities.

(5) A reinsurer or captive insurer shall keep a separate account for the assets referred to in subregulation 4 and the Authority may direct that the whole or a specified proportion of those assets be held by an approved custodian or trustee.

(6) The reinsurer or captive insurer may withdraw the assets in the separate account with the approval of the Authority, if they are not needed to meet the fund margin of solvency requirements, but only after a valuation of the assets and liabilities of the fund is carried out.

Asset of  
insurer

17.(1) The assets of a licensed insurer refer to properties, securities or other interests, owned by the insurer and located in, and are valued not exceeding their market value or realisable value.

(2) Notwithstanding anything contained in subregulation (1), the assets of a licensed insurer does not include —

- (a) a loan made to a person who is —
- (i) a director of the insurer;
  - (ii) a director of a company that is a related company in relation to the insurer within the meaning of the Companies Act; or Cap. 40
  - (iii) an associate of a director including his or her spouse, son, daughter and any person who is an employee or partner of the director, referred to in paragraphs (i) and (ii);
- (b) an asset mortgaged or charged for the benefit of a person other than the insurer, to the extent that it is so mortgaged or charged;
- (c) an intangible asset and unsecured loan;
- (d) a loan to, debenture of, or share in, a company that is a related company within the meaning of the Companies Act, in relation to the insurer, except to the extent approved by the Authority; and Cap. 40
- (e) operational assets such as motor vehicles, office equipment, computers, furnitures, supplies in excess of their written-down values.

**18.** The total amount of the liabilities of a licensed insurer includes —

Liability of  
licensed  
insurer

- (a) for a licensed insurer carrying on long term insurance business, all liabilities shown in the balance sheet and the valuation of liabilities, and shall be calculated by the method and on the basis to be determined by a qualified actuary; and
- (b) for a licensed insurer carrying on general



insurance business, current, contingent or prospective liabilities shown in the business balance sheet of the insurer relating to contracts of insurance concluded.

Valuation  
by actuary

**19.** For the purpose of regulation 18(a), a qualified actuary shall take into account the purpose for which such valuation is to be made, the rate of interest, mortality and sickness to be used in valuation.

Unexpired  
outstanding  
risk and  
insured  
claim

**20.(1)** Every licensed insurer shall make adequate provision in its accounts for liabilities, in respect of unexpired risks outstanding, notably mathematical provisions regarding long term insurance, and incurred claims, including provisions for claims incurred but not reported, computed in accordance with a method approved by the Authority.

(2) The amount of provision for unexpired risks in respect of general insurance business is—

- (a) subject to paragraphs (b) and (c), an amount calculated on a basis, not less accurate than the 1/24<sup>th</sup> method;
- (b) in the case of direct insurance business relating to cargo policies, at the election of the licensed insurer, an amount not less than 25 percent of the premiums for those policies or an amount calculated on a basis not less accurate than the 1/24<sup>th</sup> method; and
- (c) in the case of reinsurance business, at the election of the licensed insurer, an amount not less than 25 per cent of the premiums in the case of marine and aviation policies, or 40 per cent of the premiums in other cases or an amount calculated on a basis not less accurate than the 1/24<sup>th</sup> method.

21. The Authority is entitled at any time to take such steps as it may consider necessary, for the inspection or verification of the assets and liabilities of a licensed insurer or for securing the particulars necessary to establish that the requirements of regulations 17 to 21 have been complied with, as at any date and the insurer shall comply with any request in this behalf made by the Authority.

Verification  
of asset  
and liability

22.(1) Where a policy belonging to a licensed insurer's long term insurance business is removed from the register of Seychelles policies, the maximum amount that may be withdrawn from the insurance fund in respect of the policy shall be an amount equal to the insurer's liabilities in respect of that policy as at the date of the removal.

Policy  
removed from  
register of  
Seychelles  
policy

(2) The liabilities under subregulation (1) shall be valued on the basis adopted for the last statutory valuation relating to the insurer's long term insurance business or, if there has been no such valuation, on the minimum basis in the case of a life policy and on a basis approved by the Authority in other cases, and shall be valued as for a statutory valuation.

23.(1) On the surrender of a life policy, the surrender value of the life policy is—

Surrender  
and  
exchange of  
life policy

- (a) in the case of an endowment policy, an amount equal to 80 per cent of a licensed insurer's liabilities in respect of the policy determined in accordance with subregulation (2); and
- (b) in the case of a whole term life policy, an amount equal to 95 per cent of a licensed insurer's liabilities in respect of the policy determined in accordance with subregulation (2), at the date of the surrender.

(2) For the purpose of subregulation (1), a licensed insurer's liabilities are to be determined by using the same

method as in the minimum basis, except that the valuation is to be made by using—

- (a) the Mortality Table for both male and female lives approved by the Authority; and
- (b) a rate of interest of 4 per cent per annum.

(3) Notwithstanding subregulation (1), in a particular case or in relation to a particular type of life policies, the surrender values of the policies may be calculated on a basis different from that specified in subregulation (1) provided that the basis is approved in writing by the Authority.

(4) An exchange of a life policy for a paid-up policy is for the amount determined, as at the date of exchange, by the following formula—

$$\frac{A}{B}$$

Where A is the surrender value in rupees of the policy exchanged, less any sums due under the policy to a licensed insurer; and B is the value of a licensed insurer's liabilities in respect of a paid-up policy for 1 rupee payable on the like contingencies as the policy moneys under the policy exchanged.

(5) The surrender value referred to in the formula in subregulation (4) is to be calculated in the manner specified in subregulations (1) and (2) for surrenders, and the liabilities referred to in the said formula is to be valued on the basis prescribed in subregulation (2).

**MADE this 30th day of January, 2008.**

**DANNY FAURE**  
**MINISTER OF FINANCE**

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