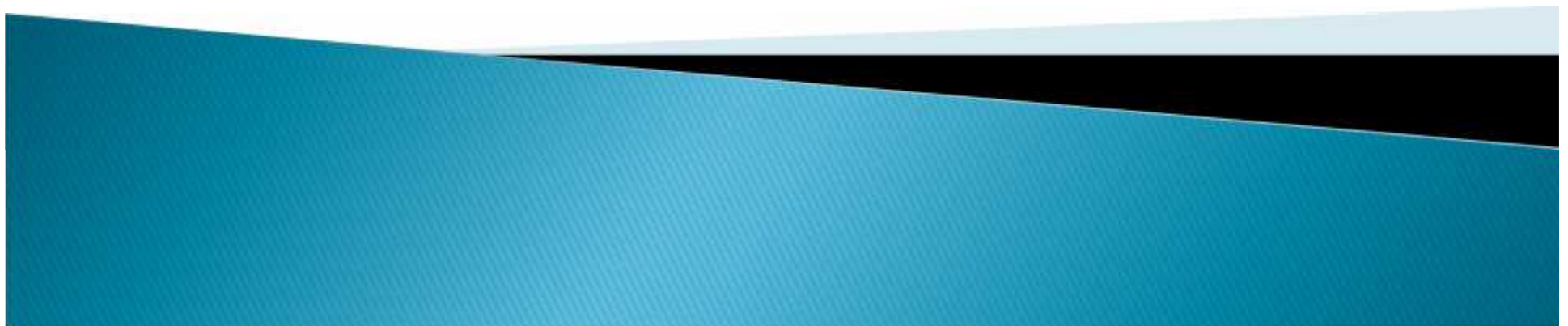




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# Proposed Amendments: Tax Reform and CESRA



# Discussion Points

- 🔑 Licence and Fee Reform
- 🔑 Policyholder Protection Plan
- 🔑 CESRA Guidance to Insurance Industry
- 🔑 Way Forward
- 🔑 Questions/Comments



# License and Fee Reform



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# License Reform

- ▶ Presently, licenses are granted pursuant to the Insurance Act, 2005 and the External Insurance Act, 2009
- ▶ Insurance Act, 2005:
  - General Insurance business (classes and sub-classes)
  - Long-term Insurance Business (classes and sub-classes)
- ▶ External Insurance Act, 2009:
  - Restricted (General or Long-term Insurance business)
  - Unrestricted (General or Long-term insurance business)



# License Reform

Category	Description
Category A	Applies to an insurer carrying on insurance business that is underwritten in or from within The Bahamas, including reinsurance, in any class of business
Category B	Applies to an insurer carrying on insurance business that is underwritten in or from within The Bahamas and is registered as a Segregated Accounts Company (SAC)
Category C	Applies to an insurer carrying on insurance business in or from within The Bahamas which underwrites the risk for an association of members or related parties
Category D	Applies to an insurer carrying on insurance business in or from within The Bahamas which underwrites only the risk of the owners of the company and affiliates of the owners
Category E	Applies to an insurer carrying on insurance business in or from within The Bahamas that is registered as a Segregated Accounts Company (SAC) and underwrites the risk of the owners of the company and affiliates of the owners



# Fee Reform

- ▶ Presently, Business License Act (First Schedule – Part III) states that registered insurers, under the Insurance Act 2005, must pay on a quarterly basis a sum that is the higher of:
  - a) A fee of three percent of the gross premiums collected by that registered insurer during the quarter; or
  - b) The sum of twenty-five dollars
- ▶ Alternatively, premium taxes will be formally replaced and redefined as a Systemic Risk Levy payable on a quarterly basis and assessed at three percent to:

Insurers underwriting BSD denominated risk in or from within The Bahamas.



# Fee Reform

Fee Assessment	
Category A	The greater of SR Levy assessed at 3% of Gross written Premium (BSD denominated) or \$20,000
Category B	The SR Levy plus the fee based on the number of segregated accounts:  Segregated Accounts: Tiered Annual Supervision Fee 1-50 SA: \$5,000 51-100 SA: \$10,000 100 - 200 SA: \$20,000
Category C	The greater of SR Levy assessed at 3% of Gross written Premium (BSD denominated) or \$10,000
Category D	The greater of SR Levy assessed at 3% of Gross written Premium (BSD denominated) or \$5,000
Category E	The SR Levy plus the fee based on the number of segregated accounts  Segregated Accounts: Tiered Annual Supervision Fee 1-50 SA: \$5,000 51-100 SA: \$7,500 100 -200 SA: \$10,000



# Policyholder Protection Plan



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# Policyholder Protection Plan

- ▶ Policyholder Protection Plan is proposed to be financed, in part, by the Systemic Risk Levy
- ▶ Plan is proposed to be formally structured as a special purpose entity and supported by legislation
- ▶ Funds allocated will be earmarked for specific events



# CESRA Guidance Note



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# CESRA Guidance to Insurance Industry

- ▶ **CESRA Guidance addresses:**

- Insurers conducting insurance activity outside of the jurisdiction (External Insurer)**

- Direction and Control of Operations (Board and Management Control)**

- Drafting of Outsourcing Guidelines**

- Revise Guidelines on Role and Responsibilities of Principal Representative and Resident Representative**

- Revised Corporate Governance Criteria and Guidelines**

- Redefining the role of the Insurance Manager**



# Way Forward



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# Way Forward

- ▶ Short-to-intermediate Plans (within 2019):

  - Communicate with Industry stakeholders

  - Legislative Amendments to both IA 2005 and EIA 2009 to accommodate fee reform

  - Issue Guidance to Industry on CESRA 2018

  - Develop/Amend Guidelines (Outsourcing, Corporate Governance)

- ▶ Intermediate to Long-term Plans (2019 and beyond)

  - Amalgamate Insurance Act, 2005 and External Insurance Act 2009

  - Policy Protection Plan – Legislation and formalize structure



