



## The Cayman Islands Insurance Bill, 2010

Following an extensive consultation process, the Legislative Assembly of the Cayman Islands has passed the Insurance Bill, 2010 (the “Insurance Bill”). The Insurance Bill is expected to receive the assent of the Governor of the Cayman Islands shortly.

The commencement date of the Insurance Bill, following assent, will be determined by the Governor-in-Cabinet, and is currently anticipated to be in early 2011. The Governor-in-Cabinet is also vested with power to make the detailed regulations which will accompany the Insurance Bill (the “Insurance Regulations”). It is anticipated that there will continue to be active consultation with interested constituents in the Cayman Islands prior to the Insurance Regulations being enacted.

The Insurance Bill is intended to replace the Insurance Law (2008 Revision) and make a number of significant changes to the current insurance business regime in the Cayman Islands.

In particular, the Insurance Bill:

- provides for the development and suitable regulation of the reinsurance business, including the provision of two new classes of insurance licence;
  - Class C in relation to the provision of reinsurance arrangements financed through the issuance of cat bonds and similar instruments; and
  - Class D in respect of the carrying on of reinsurance business;
- abolishes the distinction between unrestricted and restricted Class B licences, instead providing for three new sub-classes of Class B licence for non-domestic insurers, based on the percentage of net premiums originating from the insurer’s related business;

- tightens the definition of the carrying on of “insurance business”, in particular removing references to contingent contracts for money;
- establishes more comprehensive annual return reporting requirements for licensed insurers, agents, managers or brokers;
- regulates transfers or the amalgamation of long-term business between licensed insurers, including requiring the approval of the Cayman Islands Monetary Authority (“CIMA”);
- provides for the settlement of disputes in relation to contracts of domestic insurance by way of arbitration, even in circumstances where there is no arbitration agreement in place; and
- clarifies and significantly strengthens the penalties for non-compliance with the law, in order to provide a real and effective deterrent to the carrying on of insurance business without a licence, or in contravention of the terms of the relevant licence or of the law.

Appleby has the largest number of insurance legal advisors in the Cayman Islands. We are happy to provide further information and clarification on the Insurance Bill and related regulations.

For more information, please contact:



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