



Jersey

INSURANCE BUSINESS (SOLVENCY MARGIN) (JERSEY) ORDER 1996

Official Consolidated Version

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THE ECONOMIC DEVELOPMENT COMMITTEE, in pursuance of Articles 24 and 41 of the [Insurance Business \(Jersey\) Law 1996](#), orders as follows –

Commencement [[see endnotes](#)]

1 Interpretation

(1) In this Order –

“Law” means the [Insurance Business \(Jersey\) Law 1996](#);

“net premium income” in respect of general business shall be taken to be –

- (a) during the financial period in which the permit holder first carries on general business in Jersey, the amount stated in the permit holder’s application for a permit in respect of that business as the maximum gross premium income which the permit holder proposes to earn in respect of general business during that financial period reduced by the amount stated in that application as the total estimated rebates, refunds and reinsurance commissions which will, on the basis of that proposed maximum gross premium income, be payable by the permit holder, and, subject to paragraph (2), by the gross amount of the premiums for any reinsurance which will, on that basis, be ceded by the permit holder in respect of general business during that financial period;
- (b) at any other time, the gross premium income earned in respect of general business during the last preceding financial period of the permit holder reduced by any rebates, refunds and reinsurance commissions payable by the permit holder, and, subject to paragraph (2), by the gross amount of the premiums for any reinsurance ceded by the insurer, during that preceding financial period;
- (c) if a permit holder’s first or preceding financial period, as the case may be, is not a period of 12 calendar months, an amount calculated in accordance with sub-paragraph (a) or (b) divided by the number of days in that first or preceding financial period, as the case may be, and the resultant figure multiplied by 365;

“recognized stock exchange” means any market for the buying and selling of securities which is situated in, and recognized as, a stock exchange within the meaning of the law relating to stock exchanges of –

any member state of the European Union;

- (aa) the United Kingdom;
 - (b) Australia, Canada, Hong Kong, Japan, Norway, Singapore, South Africa, Switzerland, or the United States of America; and
 - (c) any other exchange approved in writing by the Commission.¹
- (2) Reinsurance ceded by the permit holder to a person with whom the permit holder is associated shall not be taken into account for the purposes of the definition of “net premium income” in paragraph (1) unless it is so ceded to a permit holder or the Commission, in any particular case, consents in writing to its being so taken into account.²

2 Description of approved assets

- (1) For the purposes of this Order approved assets are –
- (a) Cash in hand and at bank;
 - (b) Bank Certificates of Deposit;
 - (c) Eurobonds approved by the Commission;
 - (d) Government securities quoted on a recognized stock exchange;
 - (e) Net investment income receivable in relation to assets described in subparagraphs (a) to (d);
 - (f) Premiums receivable;
 - (g) Reinsurance balances receivable;
 - (h) Accounts receivable, net of provisions for bad debts;
 - (i) Irrevocable Letters of Credit provided by a bank registered under the [Banking Business \(Jersey\) Law 1991](#).³
- (2) Unless agreed to in advance in writing by the Commission, an amount receivable or balance due from a person with whom the permit holder is associated is not an approved asset.⁴

3 Proportion of assets required to be approved assets

In order to maintain the margin of solvency required by Article 4, a category B permit holder carrying on –

- (a) general business, shall have at any time at least 75% of assets as approved assets;
- (b) long term business, shall have at least 25% of assets as approved assets.

4 Margin of solvency

The margin of solvency of a category B permit holder (being the excess of the value of its approved assets over the amount of its liabilities) shall be –

- (a) in the case of general business, 17.5% of net premium income; and
- (b) in the case of long term business, whichever is the greater of –
 - (i) £50,000, or
 - (ii) 2.5% of the value of the long term business fund required to be maintained by the permit holder by Article 26(2)(b) of the Law.

5 Citation

This Order may be cited as the Insurance Business (Solvency Margin) (Jersey) Order 1996.

ENDNOTES

Table of Legislation History

Legislation	Year and Number	Commencement
Insurance Business (Solvency Margin) (Jersey) Order 1996	R&O.8974	1 October 1996
Insurance Business (Solvency Margin) (Amendment) (Jersey) Order 1998	R&O.9266	1 July 1998
Transfer of Functions (Economic Development Committee) (Jersey) Act 2003	R&O.101/2003	14 October 2003
Financial Regulation (Miscellaneous Provisions) (Jersey) Order 2014	R&O.32/2014	4 April 2014
European Union (United Kingdom Exit – Financial Services) (Jersey) Order 2019	R&O.115/2019	11pm on 31 January 2020 (R&O.3/2020)

Table of Endnote References

¹ Article 1(1)	<i>amended by R&O.9266, R&O.32/2014, R&O.115/2019</i>
² Article 1(2)	<i>amended by R&O.9266</i>
³ Article 2(1)	<i>amended by R&O.9266</i>
⁴ Article 2(2)	<i>amended by R&O.9266</i>