Guidance Notes on
Minimum Margin of Solvency for Insurers
(Issued under Section 48 of the Financial Services Act)

Minimum Margin of Solvency

The amount by which an insurer's assets must exceed its liabilities shall be referred to as the minimum margin of solvency.

(1) In the case of an insurer other than an insurer carrying on long-term business, the minimum margin of solvency shall be the greater of the minimum amount of paid up capital as prescribed in Section 3(1) of the Act or:

(a) Where the Net Retained Annual Premium (NRAP) of the insurer does not exceed US$5,000,000, 20% of Net Retained Annual Premium;

(b) Where the Net Retained Annual Premium of the insurer exceeds US$5,000,000, US$1,000,000 plus 10% of the amount by which Net Retained Annual Premium exceeds US$5,000,000.

(2) In the case of an insurer carrying on long-term business the minimum margin of solvency shall be at least the minimum amount of paid up capital as prescribed in Section 3(1) of the Act.

(3) In the case of an insurer carrying on long-term business and other business the minimum margin of solvency shall be the aggregate of the amounts required by subsections (1) and (2) in respect of both categories of business.

In subsection (1) above the expression "***net retained annual premium***" means the gross premium income ***earned*** in respect of general business during any financial year of the insurer reduced by any premiums paid by the insurer for approved reinsurance during such financial year.

Made by the Anguilla Financial Services Commission this 1 day of March 2008

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