

Insurance Rule 4 of 2008

Specified Effective Period with Respect to Certain Contracts of Long Term Business

Rule pursuant to article 5 of the Act

1. (1) This Insurance Rule on the specified effective period with respect to certain contracts of insurance falling within specified classes of long term business (“this Rule”) is made by the Authority pursuant to, and for the purpose of, article 5 of the Act.

(2) This Rule shall come into force on the 1st February 2008.

Application

2. (1) This Rule applies to a company desirous of applying for authorisation to carry on and, on continuing basis, a company authorised to carry on, long term business.

(2) This Rule does not apply to a company if its long term business is restricted to reinsurance.

Scope

3. The scope of this Rule is to determine the effective period required to be specified with respect to contracts of insurance falling within classes II and IV of the Second Schedule to the Act, being contracts expressed to be in effect for a period to be so specified.

The specified effective period

4. Any contract of insurance falling within classes II and IV of the Second Schedule to the Act shall be expressed to be in effect for the period specified hereunder -

(a) where the contract is a contract falling within class II, such contract shall be expressed to be in effect for a period exceeding one year;

(b) where the contract is a contract falling within class IV, such contract:

(i) shall be expressed to be in effect for a period of not less than five years, or until the normal retirement age for the persons concerned, or without limit of time; and

(ii) either is not expressed to be terminable by the insurer, or is expressed to be so terminable only in special circumstances mentioned in the contract.

Repeals and Savings

7. (1) Saving the provisions of paragraph (2) of this article, Insurance Directive 4 of 1999 - Specified Effective Period with Respect to Certain Contracts of Long Term Business, is hereby repealed.

(2) Every action, directive, instruction, guideline or order whatsoever taken or commenced thereunder, shall continue to be valid and in force, as if such action, directive, instruction, guideline or order whatsoever were taken or commenced under this Rule.