

2. Insurance (Amendment) Bill 2017 – Second Reading approved

Mr Henderson to move:

That the Insurance (Amendment) Bill 2017 be read a second time.

The President: We turn now to Item 2, the Insurance (Amendment) Bill 2017; Second Reading and Clauses Stage.

I call on the mover, Mr Henderson.

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Mr Henderson: Gura mie eu, Eaghtyrane – I will just pull my papers out.

The Insurance (Amendment) Bill 2017 amends the Insurance Act 2008 to enable the implementation of an enhanced regulatory framework for insurance business carried on in or from the Island, which is both appropriate and proportionate to the Island’s significant insurance sector and consistent with the relevant international standards. This is for the purpose of maintaining the Island’s reputation as a well-regulated and responsible jurisdiction. The enhanced framework will, for the most part, be implemented by secondary legislation enabled through the overarching provisions contained in the Insurance (Amendment) Bill 2017.

I will refer to the Insurance (Amendment) Bill 2017 as ‘the Bill’ and the Insurance Act 2008 as ‘the Act’ from now on. I will also refer to the Isle of Man Financial Services Authority as ‘the Authority’ and any references to regulated entities should be understood to include insurers, insurance managers and insurance intermediaries.

The Bill has 64 clauses in 10 Parts, as well as three Schedules. Part 1 of the Bill is introductory, providing for the short title, commencement, expiry and interpretation. It includes clauses 1 to 4. Part 2 includes clauses 5 to 10 and deals with the capital requirements of insurers and the consequences of breaching capital thresholds. Part 3 includes clauses 11 and 12 and deals with the transfer of business by insurers. Part 4 includes clause 13 and introduces new provisions in relation to the supervision of an insurance group. Part 5 includes clauses 14 to 27 and introduces a number of new and amended provisions in respect of financial risk and governance. Part 6 includes clauses 28 to 31 and introduces amendments in respect of the authorisation of insurers. Part 7 includes clauses 32 to 39 and introduces amendments in respect of the registration of insurance managers and insurance intermediaries. Part 8 includes clauses 40 to 42 and introduces new powers in respect of the fit and proper status of persons. Part 9 includes clauses 43 to 46 and introduces new remedial and investigation powers. Part 10 includes clauses 47 to 64 and introduces a number of miscellaneous and minor provisions which include Schedules 1, 2 and 3.

Eaghtyrane, the principal reason for proposing the Bill is to provide for the implementation of an enhanced regulatory regime which reflects relevant international standards in insurance regulation, while taking account of the nature of the Island’s insurance industry.

In addition, in light of the fact that the Insurance Act 2008 was a consolidation of legislation rather than a full revision, a number of other amendments are proposed with the following effects: they clarify and update existing provisions where necessary; they enable the Authority to be more flexible and responsive to the need for change; they enhance the Authority’s power to deal with fit and proper matters; and also provide consistency in this respect with the Financial Services Act 2008. They reduce the administrative burden in certain areas and they address any anomalies. I will discuss each of these areas in turn, Eaghtyrane.

As already mentioned, the overarching purpose of the Bill is to enable the implementation of a robust and up-to-date regulatory framework for insurance business on the Isle of Man, which reflects relevant international standards and the Island’s desire to comply with those as far as possible in any way that is proportionate to the Island’s insurance industry. The Bill provides the enabling powers to develop this framework which will be implemented for the most part by secondary legislation.

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Most changes have arisen from a self-assessment exercise carried out by the Authority against the insurance core principles which are issued by the International Association of Insurance Supervisors, the international standards setting body for insurance, and Solvency II, the European Union standard. An underlying aim of all such international standards is to improve policyholder protection and the robustness of insurers and insurance markets.

Changes identified from the self-assessment exercise include: amended capital requirements for insurers to enable the implementation of a risk-based capital regime in clauses 5 to 10; new provisions to enable the implementation of a group supervision regime in clause 13; new provisions to enable the Authority to make regulations in order to require an insurer carrying on long-term business, where it is considered appropriate to its business, to have actuarial expertise or to have access to such expertise in clause 16; the requirement for auditors to report to the Authority in clauses 18 and 20; the introduction of a new notifiable role, the Principal Control Officer, in clauses 21 to 23; new remedial powers for the appointment of a receiver or business manager in clause 43; the widening of the offence in respect of providing false statements to the Authority to apply also to misleading statements in clause 52; amendments to the definition of 'controller' in clause 56; and the power to require an insurer to publish information about itself, which will be prescribed in regulation in clause 57.

Clarifications and updates have arisen as a result of feedback provided by the industry since the Act was last updated, as well as the Authority's own regulatory and supervisory experience. Changes are in the areas of: the transfer of long-term insurance business in clause 11, this is in respect of authorised insurers as well as those insurers which are based in other jurisdictions and have branch operations on the Island – and regarding the latter, the amended provisions provide for a discretionary court process; the transfer of non-long-term business in clause 12 and clarification regarding the extent to which the provisions applying to long-term business may be amended when applied to non-long-term business by regulation; the requirements applying to insurance managers and intermediaries, especially in the area of accounts and audit in clauses 15 and 19; notification requirements for company secretaries in clauses 24 and 25, and explicit overarching governance requirements in clauses 26 and 27; the requirements in respect of authorisation and registration in clauses 28 to 30 and 32 to 34, including a new requirement for insurance intermediaries to be legal entities; provisions for the winding-up of insurance managers and intermediaries in clause 38; the definition of 'insurance intermediary' in clause 39; provisions governing public statements in clause 41; the Authority's residual power to make and impose requirements on regulated entities and an explicit statement that the Authority may require a regulated entity to refrain from taking action as well as to take action in clause 44; the Authority's power to require a regulated entity to appoint an independent expert in clause 45; gateways enabling the disclosure of restricted information by the Authority in clause 46; the power for the Authority to set out in regulations a framework for the charging of fees which relate to exceptional work that the Authority may have to carry out for an individual regulated entity in clause 49; the keeping of electronic registers by the Authority in clause 50; the interpretation of insurance linked security transactions as contracts of insurance in clauses 51 and 54; the definition of a 'manager' in clause 21, 'senior manager' in clause 48 and 'holding company' in clause 53; exemptions applying to regulated entities by regulation and clarification that conditions may be attached to an exemption in clause 57, and the ability of the Authority to exercise discretion in matters specified in regulations in clause 57.

The desired ability for the Authority to be flexible and responsive is provided in clauses 14 and 15 which enable the Authority to agree different timescales for the submission of information by regulated entities where it is not practical to adhere to the specified timescales, or where it is necessary to address a specific supervisory matter, and to set out the form of notification to the Authority outside of regulations. This enables forms to be tailored more easily to notifications from different types of parties.

In clauses 57 and 58, which enable primary legislation to be amended by regulation, this will enable the Authority to respond more quickly to the need for change; however, importantly any changes will not come into operation until they have been approved by Tynwald. And in clause 57

100 which enables the Authority to apply provisions of the Act to partnerships and other types of legal entities by regulation.

Amendments which enhance the Authority's ability to deal with fit and proper matters include the power to impose a prohibition and the power to issue a warning notice in clause 40. Clause 42 extends the power relating to the granting of injunctions on the application of the Authority to also apply to the contravention or possible contravention of a prohibition. The powers in respect of prohibitions and warning notices are consistent with existing powers in the Financial Services Act 2008 and provide an additional tool for the purpose of policyholder protection.

105 Efficiencies are introduced by the removal of the requirement for insurance intermediaries to re-register annually in clause 35; and the transfer of functions from the three existing tribunals to the Financial Services Tribunal in clause 55. In addition the changes already outlined in respect of the Authority's desire to be more flexible and responsive and those which provide consistency with the Financial Services Act 2008, also contribute towards greater efficiency.

Anomalies arising from changes made in other legislation, such as the Interpretation Act 2015, have been addressed in clauses 59 to 62; and an anomaly in the Act in respect of provisions governing the operation of branch operations on the Island has been addressed in clause 47.

115 Finally, a number of ancillary changes have also been made which add weight to existing policyholder protection measures. These include: a new offence, where an existing offence under the Act is committed with the consent of, connivance of, or is attributable to neglect on the part of an actuary in clause 17; the power for the Authority to require an insurer to take measures to ensure that all its obligations have been fulfilled prior to it surrendering its authorisation in clause 31; and a similar power in respect of insurance managers and intermediaries in clause 36; and the extension of the Authority's powers in respect of directions governing the location of assets held by an insurer to apply to insurance managers and intermediaries in clause 37.

120 The Bill has been the subject of wide consultation and all feedback has been carefully reviewed and addressed. The provisions of the Bill will be brought into operation by Appointed Day Orders at such time as the underlying secondary legislation has been consulted upon and is also ready to come into operation. The framework as a whole – that is the primary and the secondary legislation – is likely to result in the requirement for some additional resource for the Authority to administer the updated framework and for the insurance sector to demonstrate compliance.

125 Notwithstanding the resource implications, the implementation of an updated framework for insurance business is vital for compliance with international standards to provide an appropriate environment in which business can thrive and policyholders' interests are appropriately protected.

Eaghtyrane, I beg to move that the Insurance (Amendment) Bill 2017 be now read a second time.

135 **The President:** Mr Coleman.

Mr Coleman: Thank you, Mr Speaker. I beg to second and reserve my remarks.

The President: Are you content to move to clauses stage, Hon. Members?

Mr Henderson. *(Interjection by the Clerk)*

140 I beg your pardon, yes.

The motion is that the Insurance (Amendment) Bill be read for the second time. Those in favour, say aye; against, no. The ayes have it. The ayes have it.

**Insurance (Amendment) Bill 2017 –
Clauses considered**

The President: Mr Henderson, clauses.

145 **Mr Henderson:** Gura mie eu, Eaghtyrane. I will just get the relevant sections which I have –

The President: If it is more convenient, you may wish to group clauses for the purposes of moving – whatever is most convenient to you.

150 **Mr Henderson:** Okay, thank you, Eaghtyrane, I have got them singly presented in my speaking briefs here so we might have to – unless I hear otherwise, via a note – just progress normally. I am conscious of the need to progress efficiently.

Eaghtyrane, as outlined in the Second Reading, the Insurance (Amendment) Bill amends the Insurance Act 2008 to enable the implementation of an enhanced regulatory framework for insurance business carried on in or from the Island, which is appropriate and proportionate to the Island's significant insurance sector and consistent with relevant international standards.

155 Eaghtyrane, I think we can probably move clauses 1 to 4 together –

The President: Indeed, yes, thank you.

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Mr Henderson: – because they are consistent with the short title and so on.

Clause 1 provides for the short title; clause 2 provides for the Bill's commencement and when it comes into operation on days specified in orders. Clause 3 provides for the Insurance (Amendment) Act, with the exceptions of 55 and Schedule 1, to expire on that day after the last provision is brought into operation; and clause 4 provides interpretation of the abbreviation of the 'Insurance Act 2008'.

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Eaghtyrane, I beg to move that clauses 1 to 4 stand part of the Bill.

The President: Mr Coleman.

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Mr Coleman: Thank you, Mr President. I beg to second and reserve my remarks.

The President: I put the motion that clauses 1 to 4 do stand part of the Bill. Those in favour, say aye; against, no. The ayes have it. The ayes have it.

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Part 2, Mr Henderson.

Mr Henderson: Gura mie eu, Eaghtyrane

Clause 5 deals with the capital requirements of authorised insurers and provides the framework for the implementation of a risk-based capital regime in secondary legislation, whereby the capital an insurer is required to hold is correlated to the risks to which it is exposed. This more robust framework provides enhanced policyholder protection and is essential for compliance with relevant international standards.

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Clause 5 substitutes the existing section 12 of the Act by a new provision which requires an authorised insurer to establish and maintain two capital requirements and to hold capital resources to meet those requirements. These are: a minimum capital requirement, which I will refer to as the 'lower capital level'; and a solvency capital requirement, which I will refer to as the 'higher capital level'.

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The assets which may be considered for the purpose of meeting the requirements are 'eligible capital resources' and will be defined in regulations.

190 Eaghtyrane, I beg to move that clause 5 stands part of the Bill.

The President: Mr Coleman.

Mr Coleman: Thank you, Mr President. I beg to second and reserve my remarks.

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The President: Clause 5: those in favour, say aye; against, no. The ayes have it. The ayes have it.

Clause 6.

200 **Mr Henderson:** Gura mie eu, Eaghtyrane.
Could I divest myself of my jacket, please?

The President: Yes, if any –

205 **Mr Henderson:** It is getting hotter in here, (*Laughter*) the further I progress into these financial regulations.

The President: If any Member wishes to follow suit, please do so.

210 **Mr Coleman:** It is all this talking!

The President: Down to business, I take it. (**A Member:** Absolutely!) (*Interjections*) Well get on with it, then! (*Laughter*)

215 **A Member:** Hear, hear.

Mr Henderson: Gura mie eu, Eaghtyrane, certainly.

220 Clause 6 also deals with capital requirements of insurers and inserts four new sections into the Act which relate to the duties of authorised insurers in this area and the consequences of breaching the capital requirements, by way of imposing restrictions on distributions and an insurer to inform the Authority where an insurer's capital resource falls below either the lower or higher capital levels.

Section 12C sets out the Authority's powers where the insurer's capital resources fall below the lower capital requirement.

New section 12D sets out the Authority's powers where an insurer's capital resources fall below the higher capital requirement.

225 These amendments provide the framework for a more robust capital regime and are required for compliance with relevant international standards.

Eaghtyrane, I beg to move that clause 6 stands part of the Bill.

230 **The President:** Mr Coleman.

Mr Coleman: Thank you, Mr President.
I beg to second and reserve my remarks.

235 **The President:** Clause 6: those in favour, say aye; against, no. The ayes have it. The ayes it.
Clause 7.

Mr Henderson: Gura mie eu, Eaghtyrane.

240 Clause 7 addresses the consequences of breaching the capital requirements and amends section 13 to reflect the fact that there are now two capital levels, a higher and a lower.

In the event of a breach of either level, where requested by the Authority, an insurer must submit a remedial plan for the purpose of restoring compliance with those levels. Provision is made for the timing of submission and implementation of a remedial scheme and the submission of reports to the Authority in relation to the scheme.

245 If an insurer fails to submit a scheme which is acceptable to the Authority as a result of a breach of the lower level, the Authority may apply to wind up the insurer. If an insurer fails to submit a scheme which is acceptable to the Authority as a result of a breach of the higher level, the Authority may withdraw the insurer's authorisation in respect of new business.

Eaghtyrane, I beg to move that clause 7 does stand part of the Bill.

250 **The President:** Mr Coleman.

Mr Coleman: Thank you, Mr President.
I beg to second and reserve my remarks.

255 **The President:** I put the motion: clause 7. Those in favour, say aye; against, no. The ayes have it.
The ayes have it.
Clauses 8 and 9 are connected.
Mr Henderson.

260 **Mr Henderson:** Gura mie eu, Eaghtyrane – in which case we can move them together.
Clause 8 repeals section 19 of the Act which sets out requirements in respect of the assets to be held in the long-term business fund. The concept of the long-term business fund will no longer exist under the new capital framework with the new framework providing equivalent policyholder protection.

265 Clause 9 repeals section 20 of the Act which sets out provisions for the use of long-term business assets. These provisions are now redundant given the removal of the concept of the long-term business fund.
Eaghtyrane, I beg to move that clauses 8 and 9 do stand part of the Bill.

270 **The President:** Mr Coleman.

Mr Coleman: Thank you, Mr President.
I beg to second and reserve my remarks.

275 **The President:** Clauses 8 and 9: those in favour, say aye; against, no. The ayes have it. The ayes it.
Clause 10.

Mr Henderson: Gura mie eu, Eaghtyrane.
Clause 10 amends Schedule 3 to the Act. The existing provisions prohibit long-term insurers from being wound up voluntarily and give priority ranking to the policy-holder creditors of long-term insurers. These are now extended to apply also to non-long-term insurers and the policy-holder creditors. This is to prevent all insurers from avoiding their obligations to policy holders by winding up, and to ensure that their policy holders are treated fairly in a winding up situation.

280 Furthermore, international standards expect equivalent provisions in this area to be applied to all types of insurance business. It is, however, recognised that it may be appropriate to exempt certain classes of insurance companies from this requirement and so provision has been made to enable the Authority to do this. The detail of this will be set out in regulations with due care taken that this does not have an adverse outcome for policy holders.

285 A number of consequential amendments are made to reflect the new provisions for capital requirements and the removal of the long-term business fund.

Eaghtyrane, I beg to move that clause 10 does stand part of the Bill.

The President: Mr Coleman.

295 **Mr Coleman:** Thank you, Mr President.
I beg to second and reserve my remarks.

The President: Clause 10: those in favour, please say aye; against, no. The ayes have it. The ayes it.
300 Clause 11.

Mr Henderson: Gura mie eu, Eaghtyrane.

Clause 11 amends Schedule 2 to the Act which deals with the transfer of long-term business.

305 The independent actuary, who is required to prepare a report on the transfer, must be approved by the Authority. This is to enable the Authority to take action where it has concerns about the independence of that person.

Clarification is provided that long-term business carried on by authorised insurers is only capable of being transferred to other authorised insurers – that is insurers incorporated on the Island.

310 The Authority is provided with the discretion to determine if court sanction for a transfer should be required where the proposed transfer is between insurers which are incorporated outside the Island, and where at least one of those insurers has a branch operation on Island. This is in response to feedback from the legal advisers of insurers who wish to avoid a costly court process where a court process has already been carried out in another jurisdiction with standards equivalent to those on the Island.

315 Eaghtyrane, I beg to move that clause 11 stands part of the Bill.

The President: Mr Coleman.

Mr Coleman: Thank you, Mr President.

320 I beg to second and reserve my remarks.

The President: Clause 11: those in favour, say aye; against, no. The ayes have it. The ayes it. Clause 12.

325 **Mr Henderson:** Gura mie eu, Eaghtyrane.

Clause 12 amends section 21 of the Act to clarify that the power to make regulations to apply the provisions for the transfer of business under Schedule 2 to non-long-term insurers allows 'exceptions and adaptations' as well as 'modifications' to those provisions. This clarifies, for the avoidance of doubt, that the Authority may prescribe requirements for non-long term insurers as required by international standards in a way that is appropriate for that type of business.

330 Eaghtyrane, I beg to move that clause 12 stands part of the Bill.

The President: Mr Coleman.

335 **Mr Coleman:** Thank you, Mr President.

I beg to second and reserve my remarks.

The President: Clause 12: those in favour, say aye; against, no. The ayes have it. The ayes it. Clause 13.

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Mr Henderson: Gura mie eu, Eaghtyrane.

Clause 13 inserts a new Part 4A into the Act. This provides the Authority with powers to introduce a new framework for the supervision of insurance groups where it is deemed appropriate for the Authority to be the group supervisor.

345 Since the financial crisis of 2008 there has been increasing regulatory focus on the need to complement supervision at the level of the individual insurer with oversight at the level of the group and to assess the potential impact of other entities in a group on an insurer's policyholders. A 'group supervisor' is nominated to facilitate this and is responsible for having oversight at group level.

350 The Authority already has certain powers in respect of insurance groups. It can, for example, request information from any member of a group, if this is required, to enable the Authority to carry out its functions under the Act.

These new provisions, however, provide a more formal and transparent framework which will set out requirements more clearly for insurers and provide additional information to the Authority on a regular basis, thus enhancing policyholder protection as well as enabling the Island to demonstrate compliance with international standards to external assessors, group supervision being key to this.

The new provisions set out definitions for the purpose of this part; the matters the Authority will consider when determining if it is appropriate for it to be the group supervisor of an insurance group; the duties of the Authority in respect of the 'designated insurer' which is the Authority's conduit to the insurance group; the requirement for a register of insurance groups to be maintained by the Authority; powers to exclude a company from, or include a company within, an insurance group, where it is appropriate to do so; the power for the Authority to withdraw from its role as group supervisor where there is good reason to do so; the functions of the group supervisor; the power to make regulations in relation to group supervision; and the requirement for an actuary to be appointed to an insurance group, which includes at least one insurer carrying on long-term insurance business.

These provisions provide sufficient discretion for the Authority to implement a group supervision framework in a way which is both consistent with international standards and proportionate to the Island's insurance industry. For example, it is not anticipated that group supervision will be applied to captive arrangements where there are no third party policyholders at risk.

Eaghtyrane, I beg to move clause 13.

The President: Mr Coleman.

Mr Coleman: Thank you, Mr President.
I beg to second and reserve my remarks.

The President: I put the motion: clause 13. Those in favour, say aye; against, no. The ayes have it.
The ayes it.
Clause 14.

Mr Henderson: Gura mie eu, Eaghtyrane.

Clause 14 of the Act allows more latitude in relation to the timescales for the submission of financial information to the Authority. This is to address *ad hoc* situations where adherence to the fixed timescales is not possible for practical reasons or where a different timescale is considered appropriate to address a specific supervisory risk.

Eaghtyrane, I beg to move clause 14.

The President: Mr Coleman.

Mr Coleman: Thank you, Mr President.
I beg to second and reserve my remarks.

The President: Clause 14: those in favour, say aye; against, no. The ayes have it. The ayes it.
Clause 15.

Mr Henderson: Gura mie eu, Eaghtyrane.

Clause 15 inserts a new Part 6A which sets out requirements in the Act for registered insurance managers and insurance intermediaries.

It inserts a new section 27A in respect of the accounts of those entities. This section specifies what should be provided to the Authority and when it should be provided. This mirrors existing requirements for insurers.

Eaghtyrane, I beg to move clause 15.

The President: Mr Coleman.

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Mr Coleman: Thank you, Mr President.
I beg to second and reserve my remarks.

The President: Clause 15: those in favour, say aye; against, no. The ayes have it. The ayes it.
Clause 16.

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Mr Henderson: Gura mie eu, Eaghtyrane.

Clause 16 amends section 18 in order to update a reference to the professional body for actuaries.

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It also allows the requirements in respect of an appointed actuary to be applied to non-long-term insurers by regulation with appropriate modifications. This will enable the Authority to implement regulations to require a non-life insurer, where appropriate and in light of the nature of its business, to have actuarial expertise or to have access to such expertise. This will provide an independent assessment of the level of reserves calculated by an insurer.

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It should therefore provide for a more robust and reliable process and is also a requirement of international standards.

As this requirement will be implemented by regulation, it will, of course, be debated with industry and be subject to public consultation.

Eaghtyrane, I beg to move clause 16.

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The President: Mr Coleman.

Mr Coleman: Thank you, Mr President.
I beg to second and reserve my remarks.

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The President: Clause 16: those in favour, say aye; against, no. The ayes have it. The ayes it.
Clause 17.

Mr Henderson: Gura mie eu, Eaghtyrane.

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Clause 17 creates a new offence where an existing offence under the Act is committed with the consent of, connivance of, or is attributable to neglect on the part of an actuary. This reflects the key role of the actuary to an insurer.

I beg to move clause 17.

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The President: Mr Coleman.

Mr Coleman: Thank you, Mr President.
I beg to second and reserve my remarks.

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The President: I put the motion: clause 17. Those in favour, say aye; against, no. The ayes have it.
The ayes it.
Clause 18.

Mr Henderson: Gura mie eu, Eaghtyrane.

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Clause 18 inserts a new section 15A into the Act. This provision requires an auditor to report material breaches, by an insurer, of the Act or legislation made under it to the Authority where an auditor becomes aware of this in the course of its duties. This is a requirement of international standards and mirrors existing provisions in the Financial Services Act 2008.

Eaghtyrane, I beg to move clause 18.

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The President: Mr Coleman.

Mr Coleman: Mr President, I beg to second and reserve my remarks.

460 **The President:** I put the motion: clause 18. Those in favour, say aye; against, no. The ayes have it.
The ayes it.
Clause 19.

Mr Henderson: Gura mie eu, Eaghtyrane.
465 Clause 19 inserts a new section 27B. It requires registered insurance managers and insurance intermediaries to appoint auditors, and requires the Authority to be notified where a decision is taken not to re-appoint an existing auditor. This mirrors existing requirements for insurers.
I beg to move that clause 19 stands part of the Bill.

470 **The President:** Mr Coleman.

Mr Coleman: Thank you, Mr President.
I beg to second and reserve my remarks.

475 **The President:** Clause 19: those in favour, say aye; against, no. The ayes have it. The ayes it.
Clause 20.

Mr Henderson: Gura mie eu, Eaghtyrane.
480 Clause 20 inserts a new section 27C into the Act. This provision requires an auditor to report material breaches by an insurance manager or intermediary of the Insurance Act or legislation made under it to the Authority where an auditor becomes aware of this in the course of its duties. This mirrors the provisions introduced for insurers by clause 18.
Eaghtyrane, I beg to move clause 20.

485 **The President:** Mr Coleman.
Mr Coleman: Thank you, Mr President.
I beg to second and reserve my remarks.

The President: Clause 20: those in favour, say aye; against, no. The ayes have it. The ayes it.
490 Clause 21.

Mr Henderson: Gura mie eu, Eaghtyrane.
Clause 21 makes a number of amendments to section 29, which deals with the requirement for key functionaries of regulated entities such as directors and managers to be fit and proper.
495 Firstly, the requirements of this section are applied to a new role, the principal control officer. This is the individual responsible for the key control functions of a regulated entity which include internal audit, compliance and risk and management. This recognises the importance of this role and is a requirement of international standards.

Secondly, the requirement for the form of notice required by the Authority to be set out in regulation is removed. This enables the Authority to more easily tailor the form of notice to the person completing the form.
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Thirdly, the Authority may agree in writing a timescale for the submission of the notice required under this section which is different to that specified rather than simply shorter. This provides the Authority with additional flexibility to respond to situations where there are practical difficulties in complying with the requirement.
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Fourthly, the definition of 'manager' is amended so that it applies to a corporate entity as well as an individual and to a person who in practice works for a regulated entity but who is not directly employed by that entity. This reflects industry practice.

510 A consequential amendment is also made as a result of a new provision: the issue of warning notices, which is introduced by clause 40 and which I will discuss in due course.

Eaghtyrane, I beg to move clause 21.

The President: Mr Coleman.

515 **Mr Coleman:** Thank you, Mr President.
I beg to second and reserve my remarks.

The President: Clause 21: those in favour, say aye; against, no. The ayes have it. The ayes it.
Clause 22.

520 **Mr Henderson:** Gura mie eu, Eaghtyrane.

Clause 22 amends section 30, which sets out requirements where a person ceases to be a key functionary, such a director or manager.

525 Section 30 is amended to apply it also to a principal control officer, this being a new role introduced by clause 21. It also removes the requirement for the form of notice to be provided to be set out in regulations.

Eaghtyrane, I beg to move clause 22.

The President: Mr Coleman.

530 **Mr Coleman:** Thank you, Mr President.
I beg to second and reserve my remarks.

The President: Clause 22: those in favour, say aye; against, no. The ayes have it. The ayes it.
Clause 23.

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Mr Henderson: Gura mie eu, Eaghtyrane.
Clause 23 inserts a definition of 'principal control officer' in section 54(1).
Eaghtyrane, I beg to move clause 23.

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The President: Mr Coleman.

Mr Coleman: Thank you, Mr President.
I beg to second and reserve my remarks.

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The President: Clause 23: those in favour, say aye; against, no. The ayes have it. The ayes it.
Clause 24.

Mr Henderson: Gura mie eu, Eaghtyrane.

550 Clause 24 also amends section 29 which deals with fit and proper matters and applies the requirements to company secretary. This highlights the requirement in respective insurers and extends it to apply to insurance managers and intermediaries. It reflects the important nature of the role of company secretary.

Eaghtyrane, I beg to move clause 24.

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The President: Mr Coleman.

Mr Coleman: Thank you, Mr President.
I beg to second and reserve my remarks.

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The President: Clause 24: those in favour, say aye; against, no. The ayes have it. The ayes it.
Clause 25.

Mr Henderson: Gura mie eu, Eaghtyrane.

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Clause 25 also amends section 30 which deals with persons ceasing to be key functionaries in respect of a regulated entity and applies those requirements to a company secretary.
I beg to move that clause 25 is part of the Bill.

The President: Mr Coleman.

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Mr Coleman: Thank you, Mr President.
I beg to second and reserve my remarks.

The President: Clause 25: those in favour, say aye; against, no. The ayes have it. The ayes it.
Clause 26.

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Mr Henderson: Gura mie eu, Eaghtyrane.

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This inserts a new section 17A which imposes requirements on authorised insurers to establish, implement and maintain corporate governance frameworks to ensure that the insurer is soundly and prudently managed.

This provides an explicit overarching provision supporting more detailed governance requirements which already exist in secondary legislation and reflects the increased focus in more recent times on the importance of good governance.

Eaghtyrane, I beg to move that clause 26 stands part of the Bill.

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The President: Mr Coleman.

Mr Coleman: Thank you, Mr President.
I beg to second and reserve my remarks.

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The President: Clause 26: those in favour, say aye; against, no. The ayes have it. The ayes it.
Clause 27.

Mr Henderson: Gura mie eu, Eaghtyrane.

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Clause 27 inserts a new section 27D which imposes requirements on registered insurance managers and insurance intermediaries to establish, implement and maintain corporate governance frameworks to ensure that the insurance manager or insurance intermediary is soundly and prudently managed.

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This provides an explicit overarching provision supporting more detailed governance requirements which already exist in secondary legislation for insurance managers and which will be introduced for insurance intermediaries. It reflects the increased focus in more recent times on the importance of good governance.

Eaghtyrane, I beg to move that clause 27 stands part of the Bill.

The President: Mr Coleman.

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Mr Coleman: Thank you, Mr President.
I beg to second and reserve my remarks.

The President: Clause 27: those in favour, say aye; against, no. The ayes have it. The ayes it.

610 Clause 28.

Mr Henderson: Gura mie eu, Eaghtyrane.

This clause makes a presentational change to the wording of section 5 in respect of the authorisation of insurers. It also makes it clear that the prohibition from carrying on insurance business without authorisation applies when a person carries on insurance business in or from the Island, or holds itself out as such.

Eaghtyrane, I beg to move clause 28.

The President: Mr Coleman.

620

Mr Coleman: Thank you, Mr President.

I beg to second and reserve my remarks.

The President: Clause 28: those in favour, say aye; against, no. The ayes have it. The ayes it.

625 Clause 29.

Mr Henderson: Gura mie eu, Eaghtyrane.

This amends section 6 to remove the reference to the requirement to detail in regulations the information to be sent to the Authority in respect of an application for authorisation as an authorised insurer. This is not required as the existing provisions already give the Authority the ability to simply require the information.

In addition, provision is made for a person other than the applicant to provide the information.

Eaghtyrane, I beg to move clause 29.

The President: Mr Coleman.

635

Mr Coleman: Thank you, Mr President.

I beg to second and reserve my remarks.

The President: Clause 29: those in favour, say aye; against, no. The ayes have it. The ayes it.

640

Clause 30.

Mr Henderson: Gura mie eu, Eaghtyrane.

This clause expands the categories of person who must satisfy the Authority about their fitness and propriety, to include the applicant itself and the actuary where the application is in respect of long-term business. It permits the Authority to require those who manage an applicant to have adequate knowledge as well as experience of the insurance business in question; and it allows the Authority to require an applicant for authorisation to give an undertaking about future conduct.

645

This recognises more formally the Authority's ongoing practice to obtain written assurances in relation to applications.

Eaghtyrane, I beg to move clause 30.

650

The President: Mr Coleman.

Mr Coleman: Thank you, Mr President.

655

I beg to second and reserve my remarks.

The President: Clause 30: those in favour, say aye; against, no. The ayes have it. The ayes it.

Clause 31.

Mr Henderson: Gura mie eu, Eaghtyrane.

660

Clause 31 inserts a new section 10A which allows the Authority to impose requirements on an authorised insurer in relation to the discontinuation of its business where that insurer proposes to surrender its authorisation. This is to ensure that an insurer makes appropriate arrangements in respect of any existing liabilities to policyholders before its authorisation can be surrendered.

665 Eaghtyrane, I beg to move clause 31.

The President: Mr Coleman.

Mr Coleman: Thank you, Mr President.

670 I beg to second and reserve my remarks.

The President: Clause 31: those in favour, say aye; against, no. The ayes have it. The ayes it. Clause 32 and 33, I think, can go together.

675 **Mr Henderson:** Okay, Eaghtyrane, gura mie eu.

Clause 32 makes a presentational change to the wording of section 23 in respect of the registration of insurance managers. It also makes it clear that the prohibition from carrying on insurance management without registration applies when a person carries on insurance management business in or from the Island, or holds itself out to be an insurance manager. This mirrors the provision for insurers which is introduced by clause 28.

680

Clause 33 makes a presentational change to the wording of section 24 in respect of the registration of insurance intermediaries. It also makes it clear that the prohibition from carrying on insurance intermediation without registration applies when a person carries on intermediation business in or from the Island or holds itself out to be an insurance intermediary.

685 Eaghtyrane, I beg to move that clauses 32 and 33 stand part of the Bill.

The President: Mr Coleman.

Mr Coleman: Thank you, Mr President.

690 I beg to second and reserve my remarks.

The President: Clauses 32 and 33: those in favour, say aye; against, no. The ayes have it. The ayes it.

Clause 34.

695

Mr Henderson: Gura mie eu, Eaghtyrane.

Clause 34 allows a person other than an applicant for registration as an insurance manager or insurance intermediary to provide documents and information where this is agreed by the Authority.

It requires an applicant for registration to be a body corporate, as this is deemed to offer a better level of consumer protection than that offered by a sole trader. It requires an applicant for registration to have a manager with an adequate knowledge of the applicant's business as well as experience.

It allows the Authority to require an applicant for registration to give an undertaking about future conduct. This recognises more formally the Authority's ongoing practice to obtain written assurances in relation to applications.

705 Eaghtyrane, I beg to move clause 34.

The President: Mr Coleman.

710 **Mr Coleman:** Mr President, I beg to second and reserve my remarks.

The President: Clause 34: those in favour, say aye; against, no. The ayes have it. The ayes it.

Clause 35.

715 **Mr Henderson:** Gura mie eu, Eaghtyrane.

The clause repeals subsection (7) of section 26, removing the requirement for a registered insurance intermediary to re-register annually. This reduces the administrative effort for both the Authority and registered intermediaries.

Eaghtyrane, I beg to move clause 35.

720

The President: Mr Coleman.

Mr Coleman: Thank you, Mr President.

I beg to second and reserve my remarks.

725

The President: Clause 35: those in favour, say aye; against, no. The ayes have it. The ayes it.
Clause 36.

Mr Henderson: Gura mie eu, Eaghtyrane.

730

This clause inserts a new section 26A, which allows the Authority to impose requirements on a registered insurance manager or insurance intermediary in relation to the discontinuation of their business where they propose to cancel their registration. This is to ensure that insurance managers or insurance intermediaries make appropriate arrangements for their clients before their registration can be cancelled.

735

Eaghtyrane, I beg to move clause 36.

The President: Mr Coleman.

Mr Coleman: Thank you, Mr President.

740

I beg to second and reserve my remarks.

The President: Clause 36: those in favour, say aye; against, no. The ayes have it. The ayes it.
Clause 37.

745 **Mr Henderson:** Gura mie eu, Eaghtyrane.

This amends section 31 of the Act which allows the Authority to direct an insurance manager or insurance intermediary to maintain specified assets in the Island or in a specified bank and to prohibit them from being removed without the consent of the Authority.

750

This power currently applies only to authorised insurers, but is deemed to be a relevant enforcement power to be able to apply to insurance managers and intermediaries for the purpose of consumer protection.

Eaghtyrane, I beg to move clause 37.

The President: Mr Coleman.

755

Mr Coleman: Thank you, Mr President.

I beg to second and reserve my remarks.

The President: Clause 37: those in favour, say aye; against, no. The ayes have it. The ayes it.
Clause 38.

760

Mr Henderson: Gura mie eu, Eaghtyrane.

This amends section 27 of the Act which is in respect of the winding up of insurance managers and intermediaries. The new subsection provides that in any proceedings to wind up an insurance

765 manager or intermediary, evidence that the company was insolvent at the close of the period to which the last produced accounts relate is evidence that the company is unable to pay its debts until the contrary is proved. This mirrors the provision already in place for insurers and provides additional clarification.

Eaghtyrane, I beg to move clause 38.

770

The President: Mr Coleman.

Mr Coleman: Thank you, Mr President.

I beg to second and reserve my remarks.

775

The President: Clause 38: those in favour, say aye; against, no. The ayes have it. The ayes it. Clause 39.

Mr Henderson: Gura mie eu, Eaghtyrane.

780

Clause 39 substitutes the existing definition of 'insurance intermediary' in section 54(1) with a new definition. The effect of this is to clarify that intermediation business must be for remuneration to come within the scope of regulation.

Eaghtyrane, I beg to move clause 39.

785

The President: Mr Coleman.

Mr Coleman: Thank you, Mr President.

I beg to second and reserve my remarks.

790

The President: Clause 39: those in favour, say aye; against, no. The ayes have it. The ayes it. Clause 40.

Mr Henderson: Gura mie eu, Eaghtyrane.

795

Clause 40 inserts a new group of sections, sections 29A to 29E, into the Act making provision for the imposition of prohibition notices and the issue of warning notices by the Authority where there are concerns relating to an individual's fit and proper status.

The new sections 29A to 29D deal with prohibitions and specify who may be subject to a prohibition; what functions the prohibited person may be prevented from carrying on; the process that must be used to impose a prohibition; and the requirement to publish a list of prohibitions. Prohibitions may be applied to any individual, unlike a section 29 direction which can only apply in respect of those roles which must be notified to the Authority.

800

A preliminary notice of the intention to impose a prohibition must be given and the individual has the right to make representations and to appeal against the prohibition if it is imposed. This enables the Authority to prevent individuals who may, for example, have committed fraud or theft from continuing to be involved in the business of a person regulated by this Act and thus enhances policyholder protection.

805

Section 29E permits the Authority to serve a written warning notice on a person who is, or has been, an actuary to an insurer, a director, chief executive, company secretary, controller, manager or principal control officer of a person to whom the part applies.

810

It specifies the circumstances in which the Authority may issue a warning notice; the content of a warning notice; the effective period of a warning notice; and the persons to whom the Authority may disclose the circumstances surrounding a warning notice.

A warning notice may be issued where a situation is perhaps not so serious as to justify actions under section 29 and/or section 29A, Prohibitions, but where there are concerns and where remedial action is deemed necessary.

815

Eaghtyrane, I beg to move that clause 40 stands part of the Bill.

The President: Mr Coleman.

820 **Mr Coleman:** Thank you, Mr President.
I beg to second and reserve my remarks.

The President: Clause 40: those in favour, say aye; against, no. The ayes have it. The ayes it.
Clause 41.

825

Mr Henderson: Gura mie eu, Eaghtyrane.

This amends section 35 of the Act, the effect of which is to enable a public statement to be made where a person is in contravention of a prohibition. This is consequential on the new provisions on prohibitions introduced by clause 40. It also clarifies that the prior written notice to be sent to the person concerned also applies where the Authority passes information about an insurance intermediary to an insurer if it appears desirable for the protection of any client of the intermediary.
I beg to move clause 41.

830

The President: Mr Coleman.

835

Mr Coleman: Thank you, Mr President.
I beg to second and reserve my remarks.

The President: Clause 41: those in favour, say aye; against, no. The ayes have it. The ayes have it.
Clause 42.

840

Mr Henderson: Gura mie eu, Eaghtyrane.

This clause has the effect of which is to enable the Authority to apply to the high court to grant an injunction in respect of prohibitions imposed. This is consequential on the new provisions on prohibitions introduced by clause 40.
Eaghtyrane, I beg to move clause 42.

845

The President: Mr Coleman.

Mr Coleman: Thank you, Mr President.
I beg to second and reserve my remarks.

The President: Clause 42: those in favour, say aye; against, no. The ayes have it. The ayes have it.
Clause 43.

850

Mr Henderson: Gura mie eu, Eaghtyrane.

Clause 43 inserts new sections 39A and 39B which apply to insurers, insurance managers and insurance intermediaries.

855

Section 39A enables the Authority to petition the high court for the appointment of a receiver where the high court is satisfied that: the appointment is in the public interest; it is necessary for the protection of the interests of policyholders, other customers and creditors; it is necessary for the orderly winding up of the business; or it is necessary for the affairs and property relating to the business of a regulated entity to be settled or disposed of in an orderly manner.

860

This provides the Authority with an additional power to ensure fair treatment of policyholders, customers and creditors in a winding up situation.

Section 39B enables the Authority to make an order prescribing circumstances in which the Authority may apply to the high court for the appointment of a business manager to manage the affairs of a person regulated under this Act.

865 This provides the Authority with an additional power to deal with regulated entities where the Authority has concerns about the way in which that person is being managed which could ultimately adversely impact its policyholders or clients.

The powers introduced by clause 43 mirror existing provisions in the Insurance Act 2008.
Eaghtyrane, I beg to move clause 43.

870

The President: Mr Coleman.

Mr Coleman: Thank you, Mr President.
I beg to second and reserve my remarks.

875

The President: Clause 43: those in favour, say aye; against, no. The ayes have it. The ayes have it.
Clause 44.

Mr Henderson: Gura mie eu, Eaghtyrane.

880 This clause amends section 33 of the Act to clarify that the Authority has the power to require a person regulated by the Act to refrain from taking an action as well as to take an action.
Eaghtyrane, I beg to move.

The President: Mr Coleman.

885

Mr Coleman: Thank you, Mr President.
I beg to second and reserve my remarks.

The President: Clause 44: those in favour, say aye; against, no. The ayes have it. The ayes have it.
Clause 45.

890

Mr Henderson: Gura mie eu, Eaghtyrane.

Clause 45 amends Schedule 5 to the Act.

895 A new paragraph 1A is inserted to enable the Authority to require information from a number of persons, including current and former persons regulated under the Act, and any other person the authority has reason to believe has information relevant to the discharge of the Authority's functions. This new provision allows the Authority to appoint an independent expert to investigate all such persons on its behalf and to make a report.

An amendment is also made to paragraph 2(1) to explicitly state that when requesting information the authority may specify the individual who is to provide it and the period in which it is to be provided.

900

This recognises more formally the Authority's ongoing use of requiring information to be provided by independent experts and the accountability of those providing information.

Eaghtyrane, I beg to move clause 45.

The President: Mr Coleman.

905

Mr Coleman: Thank you, Mr President.
I beg to second and reserve my remarks.

The President: Clause 45, those in favour, say aye; against, no. The ayes have it. The ayes have it.
Clause 46.

910

Mr Henderson: Gura mie eu, Eaghtyrane.

This adds four gateways to Schedule 6 to the Act. These gateways permit the transfer of restricted, confidential information between the Authority and other specified bodies.

915 The new gateways relate to: the Department of Economic Development; the Gambling
Supervision Commission; the Collector of Customs and Excise; and the Pensions Ombudsman.
Eaghtyrane, I beg to move clause 46.

The President: Mr Coleman.

920 **Mr Coleman:** Thank you, Mr President.
I beg to second and reserve my remarks.

The President: Clause 46: those in favour, say aye; against, no. The ayes have it. The ayes have it.
Clause 47.

925 **Mr Henderson:** Gura mie eu, Eaghtyrane.
Clause 47 amends section 22 of the Act to allow insurers which are based in jurisdictions other
than the Island, with a branch operation on Island, to carry on non-insurance business in those
jurisdictions. This amendment corrects an anomaly in the existing legislation.
Eaghtyrane, I beg to move clause 47.

930 **The President:** Mr Coleman.

Mr Coleman: Thank you, Mr President.
I beg to second and reserve my remarks.

935 **The President:** Clause 47: those in favour, say aye; against, no. The ayes have it. The ayes have it.
Clause 48.

Mr Henderson: Gura mie eu, Eaghtyrane.
This amends the definition of 'senior manager' in section 37 such that 'an employee' is
substituted by 'an individual working for or on behalf'. The effect of this is that it includes individuals
940 not directly employed by the insurer, insurance manager or insurance intermediary but whose
functions are all performed in relation to that person.
Eaghtyrane, I beg to move clause 48.

The President: Mr Coleman.

945 **Mr Coleman:** Thank you, Mr President.
I beg to second and reserve my remarks.

The President: Clause 48: those in favour, say aye; against, no. The ayes have it. The ayes have it.
Clause 49.

950 **Mr Henderson:** Gura mie eu, Eaghtyrane.
This clause makes a number of amendments in respect of fees.
An additional paragraph is inserted in subsection (1) which is consequential upon the removal of
the requirement for insurance intermediaries to re-register annually. A new subsection is inserted
which enables the Authority to make regulations to provide for the payment to the Authority of fees
955 in relation to exceptional work it may have to carry out for a specific regulated entity. This is in the
interest of treating all insurers in an equitable fashion; and an amendment is made to subsection (2)
to substitute 'Authority' with 'Treasury' such that unpaid monies are to be collected by the Treasury
rather than the Authority. This is to correct an inconsistency in this section.
Eaghtyrane, I beg to move clause 49.

960 **The President:** Mr Coleman.

Mr Coleman: Thank you, Mr President.
I beg to second and reserve my remarks.

965

The President: Clause 49: those in favour, say aye; against, no. The ayes have it. The ayes have it.
Clause 50.

Mr Henderson: Gura mie eu, Eaghtyrane.

This clause amends section 48 to permit the registers of authorised insurers, permit holders, registered insurance managers and intermediaries to be kept electronically and to permit the holding of records in relation to former persons as well as current. Provision is also made to have copies of a register supplied in legible form in certain circumstances. This reflects current practices.
Eaghtyrane, I beg to move clause 50.

975 **The President:** Mr Coleman.

Mr Coleman: Thank you, Mr President.
I beg to second and reserve my remarks.

980 **The President:** Clause 50: those in favour, say aye; against, no. The ayes have it. The ayes have it.
Clause 51.

Mr Henderson: Gura mie eu, Eaghtyrane.

This clause inserts a new section 48A which clarifies for the avoidance of doubt that contracts of insurance are not to be regarded as void or unenforceable by reason of section 40 of the Gaming, Betting and Lotteries Act 1988, and that any security given in respect of such a contract is not illegal consideration for the purposes of section 41 of that Act.

The requirement for this amendment arose as a result of the implementation of a framework for the authorisation of a new class of insurer, an insurance special purpose vehicle.

Eaghtyrane, I beg to move that clause 51 stands part of the Bill.

990

The President: Mr Coleman.

Mr Coleman: Thank you, Mr President.
I beg to second and reserve my remarks.

995 **The President:** Clause 51: those in favour, say aye; against, no. The ayes have it. The ayes have it.
Clause 52.

Mr Henderson: Gura mie eu, Eaghtyrane.

This amends section 52 of the Act by widening the category of statements whose inclusion in a book or document attracts criminal sanctions. Now misleading statements as well as false statements are caught. This mirrors existing provisions in the Financial Services Act 2008.

Eaghtyrane, I beg to move.

1005 **The President:** Mr Coleman.

Mr Coleman: Thank you, Mr President.
I beg to second and reserve my remarks.

The President: Clause 52: those in favour, say aye; against, no. The ayes have it. The ayes have it.
Clause 53.

1010 **Mr Henderson:** Gura mie eu, Eaghtyrane.

This inserts a new definition for a 'holding company' to clarify that reference should be had to the definition of 'subsidiary' which refers to the definitions in the Companies Act 1974 and the Companies Act 2006.

I beg to move.

1015

The President: Mr Coleman.

Mr Coleman: Thank you, Mr President.

I beg to second and reserve my remarks.

1020

The President: Clause 53: those in favour, say aye; against, no. The ayes have it. The ayes have it. Clause 54.

Mr Henderson: Gura mie eu, Eaghtyrane.

1025

Clause 54 amends the definition of 'insurance business' by inserting a paragraph to enable the Authority to set out in regulation that specified contracts are included within the definition of insurance business. This will allow the Authority to prescribe that contracts such as those under the insurance special purpose vehicle framework referred to earlier can be explicitly understood to be contracts of insurance and not wagers.

1030

Eaghtyrane, I beg to move.

The President: Mr Coleman.

Mr Coleman: Thank you, Mr President.

1035

I beg to second and reserve my remarks.

The President: Clause 54: those in favour, say aye; against, no. The ayes have it. The ayes have it. Clause 55 with Schedule 1.

1040

Mr Henderson: Gura mie eu, Eaghtyrane.

This abolishes the Collective Investment Schemes Tribunal, the Retirement Benefits Schemes Tribunal and the Insurance Tribunal and transfers their functions to the Financial Services Tribunal. It brings Schedule 1 into effect which sets out transitional arrangements in this respect.

Eaghtyrane, I beg to move that clause 55 and Schedule 1 do stand part of the Bill.

1045

The President: Mr Coleman.

Mr Coleman: Thank you, Mr President.

I beg to second and reserve my remarks.

1050

The President: Mr Anderson.

Mr Anderson: Can I just ask the mover, Mr President, if this actually cuts down on the number of tribunals, then, from what the mover is saying, are there effectively fewer tribunals involved in insurance?

1055

The President: Mr Henderson.

Mr Henderson: In a nutshell, yes, Eaghtyrane – more efficient.

1060

The President: With that then clause 55 and Schedule 1: those in favour, say aye; against, no. The ayes have it. The ayes have it.

Clause 56.

1065 **Mr Henderson:** Gura mie eu, Eaghtyrane.

This amends the definition of 'controller' to reduce the threshold shareholding from 15% to 10% and to clarify that the definition also includes a person who is able to exercise significant influence over the management of the regulated entity, and a person with the power to appoint directors to the board or other executive committees of the regulated entity and to remove them. This is in line with international standards for insurance business.

1070 Eaghtyrane, I beg to move.

The President: Mr Coleman.

1075 **Mr Coleman:** Thank you, Mr President.

I beg to second and reserve my remarks.

The President: Clause 58: those in favour, say aye; against, no. The ayes have it. The ayes have it. Clause 59.

1080 **Mr Henderson:** Gura mie eu, Eaghtyrane.

This amends section 54(1) to insert a definition of 'person' such that it includes unincorporated bodies as well as corporate bodies. This is consequential upon an amendment to the definition of 'person' in the Interpretation Act 2015 which limits it to corporate bodies. Limited partnerships may also be authorised or registered under the principal Act and so the definition of 'person' needs to include unincorporated bodies.

1085 I beg to move.

The President: Mr Coleman.

1090 **Mr Coleman:** Thank you, Mr President.

I beg to second and reserve my remarks.

The President: Clause 59: those in favour, say aye; against, no. The ayes have it. The ayes have it. Clause 60.

1095 **Mr Henderson:** Gura mie eu, Eaghtyrane.

This amends the Financial Services Act 2008 to insert a new definition in section 48 to include unincorporated bodies as well as corporate bodies. This is consequential upon an amendment to the definition of 'person' in the Interpretation Act 2015 which limits it to corporate bodies.

1100 Eaghtyrane, I beg to move.

The President: Mr Coleman.

1105 **Mr Coleman:** Thank you, Mr President.

I beg to second and reserve my remarks.

The President: Clause 60: those in favour, say aye; against, no. The ayes have it. The ayes have it. Clause 61.

1110 **Mr Henderson:** Gura mie eu, Eaghtyrane.

This amends paragraph 4 of Schedule 4 such that any references to 'the Department' in the Companies (Transfer of Domiciles) Act 1998 should be construed as references to 'the Authority'. This clarifies provisions in Schedule 4 in respect of the Authority's role and addresses a situation inadvertently created by the implementation of the Transfer of Functions (New Departments) (No.2) Order in 2010.

1115

Eaghtyrane, I beg to move.

The President: Mr Coleman.

1120

Mr Coleman: Thank you, Mr President.
I beg to second and reserve my remarks.

The President: Clause 61: those in favour, say aye; against, no. The ayes have it. The ayes have it.
Clause 62.

1125

Mr Henderson: Gura mie eu, Eaghtyrane.

This amends section 105 of the Interpretation Act 2015 to prevent the repeal of Schedule 10 to the Act and ensure the continued application of the Life Assurance (Compensation of Policyholders) Regulations 1991.

1130

Eaghtyrane, I beg to move.

The President: Mr Coleman.

1135

Mr Coleman: Thank you, Mr President.
I beg to second and reserve my remarks.

The President: Clause 62, those in favour, say aye; against, no. The ayes have it. The ayes have it.
Clause 63 and Schedule 2.

1140

Mr Henderson: Gura mie eu, Eaghtyrane.

Clause 63 introduces Schedule 2; Part 1 introduces a number of amendments to the Act which are consequential upon other changes, which have already been commented on, notably in the area of offences and interpretation; or are very minor changes.

1145

Part 2 introduces amendments to the Act and to a number of other Acts as a result of the transfer of the functions of the Collective Investment Schemes Tribunal, the Retirement Benefits Schemes Tribunal and the Insurance Tribunal to the Financial Services Tribunal.

Those other Acts affected are the Legal Aid Act, the Retirement Benefits Schemes Act 2000, the Tribunals Act 2006, the Collective Investment Schemes Act 2008, the Financial Services Act 2008 and the Designated Businesses (Registrations and Oversight) Act 2015.

1150

Eaghtyrane, I beg to move.

The President: Mr Coleman.

1155

Mr Coleman: Thank you, Mr President.
I beg to second and reserve my remarks.

The President: Clause 63 and Schedule 2: those in favour, say aye; against, no. The ayes have it.
The ayes have it.

Finally, clause 64 and Schedule 3.

1160

Mr Henderson: Gura mie eu, Eaghtyrane.

Indeed, clause 64 introduces Schedule 3 – Repeals – which sets out those provisions which have been repealed as a result of the changes which have already been commented on.

Eaghtyrane, I beg to move.

1165

The President: Mr Coleman.

Mr Coleman: Thank you, Mr President.

I beg to second and reserve my remarks.

1170

The President: Clause 64 and Schedule 3, those in favour, say aye; against, no. The ayes have it. The ayes have it.

Thank you, Mr Henderson. That concludes the clauses stage of the Insurance (Amendment) Bill.