

LEGAL NOTICE No. 107

REPUBLIC OF TRINIDAD AND TOBAGO

THE INSURANCE ACT, 1980

REGULATIONS

MADE BY THE MINISTER UNDER SECTION 214(1)(k) OF THE
INSURANCE ACT, 1980

THE INSURANCE (ADMISSIBLE ASSETS AND VALUATION
OF ASSETS) REGULATIONS, 1982

1. These Regulations may be cited as the Insurance (Admissible Assets and Valuation of Assets) Regulations, 1982. Citation

2. (1) In these Regulations—

Definitions

“the Act” means the Insurance Act, 1980;

Act No. 6
of 1980

“approved financial institution” means—

(a) any institution in which a company is required to invest its funds for the purposes of sections 29(6) and 46(1) of the Act;

(b) any institution as the Minister may from time to time approve;

“asset” includes part of an asset;

“computer equipment” means the electro-mechanical and electronic units which make up a computer configuration and includes a software package or packages used in pursuance of the business of a company;

“contribution certificate” has the meaning referred to in section 2 of the Unit Trust Corporation of Trinidad and Tobago Act, 1981;

Act No. 26
of 1981

“debenture” includes debenture stock and bonds, whether constituting a charge on assets or not, and loan stock or notes;

“debt” means an obligation to pay premiums or other monies outstanding to the account of an insurance company;

“insurance liabilities” means in relation to an insurance company, any debt due from or other liabilities of the company under any contract of insurance to which it is a party;

“intermediary” means a person who in the course of any business or profession invites other persons to make offers or proposals or to take other steps with a view to entering into contracts of insurance with an insurance company;

“liability” includes a contingent or prospective liability and a part of a liability, but does not include a liability in respect of share capital;

“middle market price” means—

- (a) in relation to an investment for which two prices are quoted in the official list published for the relevant market, the average of the two prices so quoted for the day on which the investment falls to be valued or, if no official list has been published for that day for the most recent day prior to that day for which the official list has been published;
- (b) in relation to an investment for which one price is quoted in the official list for the relevant market, the price so quoted for the day on which the investment falls to be valued or, if no official list has been published for that day for the most recent day prior to that day for which the official list has been published; and
- (c) in any other case, the nearest equivalent to the average referred to in paragraph (a) which is published or can be reasonably ascertained from information which is published;

“parent company” means a company incorporated in Trinidad and Tobago or elsewhere which owns or controls directly or indirectly more than fifty per cent of the voting shares of one or more companies whether incorporated in Trinidad and Tobago or elsewhere;

“proper valuation” means in relation to land, a valuation made by a qualified valuer not more than three years before the relevant date which determined the amount which would be realised at the time of the valuation on an open market sale of the land free from any mortgage or charge;

“qualified valuer” means a person who—

- (a) is a fellow or professional associate of the Royal Institution of Chartered Surveyors or a fellow or associate of the Incorporated Society of Valuers and Auctioneers or the Rating and Valuation Association and has knowledge and experience in the valuation of land; or
- (b) is approved for the time being by the Minister for the purpose of these Regulations;

“quoted” and “unquoted” means in relation to an investment that there has been granted a quotation or permission to deal in respect of that investment on any stock exchange which is a recognised stock exchange approved by the Minister for the purpose of these Regulations; and “unquoted” shall be construed accordingly;

“relevant date” means in relation to the valuation of any asset for any purpose for which these Regulations apply, the date when the asset falls to be valued for that purpose;

“share” includes a stock;

“subsidiary” means a subsidiary company or company whether incorporated in Trinidad and Tobago or elsewhere in which another company holds more than fifty per cent of its shares.

(2) For the purpose of the business of general insurance companies the assets referred to in these Regulations are admissible assets.

2. For the purpose of these Regulations, a company is a dependent of another company where—

Dependent company

(a) that other company, either alone or with any associate or associates is entitled to exercise, or control the exercise of one-third or more of the voting power at any general meeting of the first-mentioned company; or

(b) the first-mentioned company is a dependent of any company which is that other company's dependent.

3. (1) These Regulations apply with respect to the determination of the value of assets of insurance companies.

Application

(2) Any asset to which these Regulations apply (other than cash) for the valuation of which no provision is made in these Regulations shall, unless approved by the Minister, be left out of account for the purposes specified in paragraph (1).

(3) Where it is provided by these Regulations that the value of any asset is to be not greater than as determined in accordance with these Regulations and in all the circumstances of the case it appears that the asset is of a lesser value, such lesser value shall be the value of the asset.

4. (1) The value of any share in a dependent of an insurance company shall be not greater than that part of the net asset value of the dependent which would be payable in respect of the share if the dependent were in liquidation and the net asset value were the amount distributable to the shareholders in the winding up.

Shares in and debts due or to become due from dependents

(2) In this regulation “net asset value” means in relation to a dependent the amount by which the value of its assets, as determined in accordance with these Regulations, exceeds the amount of its liabilities including contingent and prospective liabilities but not including liabilities in respect of share capital.

(3) The value of any debt due, or to become due, to an insurance company from a dependent shall be the amount which would reasonably be expected to be recovered in respect of that debt (due respect being taken of any security held in respect thereof) if the dependent were in liquidation.

(4) Any share in a dependent—

- (a) in which there is no such excess of assets over liabilities as is mentioned in paragraph (2);
- (b) in relation to which an insurance company cannot reasonably ascertain the amount of the liabilities of the dependent for the purposes of paragraph (2),

shall be left out of account for the purposes for which these Regulations apply.

(5) Where an insurance company is unable to determine the value of any debt due or to become due to the company from a dependent because it cannot reasonably ascertain the amount of the liabilities of the dependent for the purpose of ascertaining what would reasonably be expected to be recovered in respect of that debt in accordance with paragraph (3), the debt shall be left out of account for the purposes for which these Regulations apply.

(6) In determining the net asset value of a dependent company which is an insurance company the value of its assets and the amount of its liabilities shall be determined in accordance with any valuation regulations applicable for the purpose of section 77(1) of the Act, in the case of general insurance business and for the purpose of any investigation to which section 113 of the Act applies in the case of long-term insurance business.

(7) In determining for the purpose of this regulation the net asset value of a dependent company, which is not an insurance company, the value of the assets of the dependent company shall be determined in accordance with these Regulations as if they were assets of an insurance company.

Debts and
other
rights

5. (1) The value of any debt due, or to become due, to an insurance company other than a debt to which paragraph (2), (3) or (4) of this regulation or regulations 8 and 13 apply shall be—

- (a) in the case of any such debt which is due, or will become due within twelve months of the relevant date (including any debt which would become due within that period if the company were to exercise any right to which it is entitled to require payment of the same), the amount which can reasonably be expected to be recovered in respect of that debt (due account being taken of any security being held in respect thereof); and
- (b) in the case of any other such debt, the amount which would reasonably be paid by way of consideration for an immediate assignment of the debt together with the benefit of any security held in respect thereof.

(2) The value of any debt due, or to become due, to the company which is secured on a policy of insurance issued by the company and which (together with any other debt secured on that policy) does not exceed the amount payable on a surrender of that policy at the relevant date shall be the amount of that debt.

(3) Any debt due, or to become due, to the company from an intermediary in respect of money advanced on account of commission to which that intermediary is not absolutely entitled at the relevant date shall be left out of account for the purposes for which these Regulations apply.

(4) The value of any salvage right of the company shall be the amount which can reasonably be expected to be recovered by virtue of the exercise of that right.

6. The value of any land of an insurance company (other than land held by the company as a security for a debt or to which regulation 9 applies) shall, where an amount representing such value has been put into the account for the first time or where a change is made reflecting an increase in the relevant amount stated or shown in a previous account, be not greater than the amount which, after deduction of the reasonable expenses of sale, would be realised if the land were sold at a price equal to the most recent proper valuation of that land which has been provided to the company and any such land of which there is no proper valuation shall be left out of account for the purposes of these Regulations. Land or
real estate

7. The value of any computer equipment, office machinery, furniture and motor vehicles of an insurance company— Equipment

- (a) in the financial year of the company in which it is purchased, shall be not greater than three-quarters of the cost thereof to the company;
- (b) in the first financial year thereafter, shall be not greater than one-half of that cost;
- (c) in the second financial year thereafter, shall be not greater than one-quarter of that cost; and
- (d) in any subsequent financial year, shall be left out of account for the purposes for which these Regulations apply.

8. The value of any quoted debenture which is not a debenture issued by a dependent of the insurance company, and of any quoted share which is not a share in such a dependent shall be the greater of the middle market price or the average of the middle market prices during the last three months before the day on which the investment falls to be valued. Quoted
investments

9. The value of any asset consisting of an interest in property, which— Life
interest,
reversionary
interests,
etc.

- (a) is determinable upon death of any person or upon the happening of some other future event or at some future time or is a remainder reversionary interest right of fee subject to a life rent or other future interest, whether vested or contingent; and

(b) is not a lease or reversionary interest expectant upon the determination of a lease,
shall be the amount which would reasonably be paid by way of consideration for an immediate transfer or assignment thereof.

Unit Trust

10. The value of any holding of units, or other beneficial interest, under a unit trust scheme shall be the published price at which the managers/management, as the case may be, under the unit trust scheme would purchase the holding of units or other beneficial interest if required to do so.

Contribution certificate

11. The value of a contribution certificate issued to a contributing institution within the meaning of section 2 of the Unit Trust Corporation of Trinidad and Tobago Act, 1981 shall be—

- (a) the amount which would reasonably be paid by way of consideration for an immediate transfer thereof; or
- (b) the amount determined by regulations made under the Unit Trust Corporation of Trinidad and Tobago Act, 1981.

Unquoted shares

12. The value of any unquoted share, which is neither an equity share nor a share in a dependent of the insurance company, shall be the amount which would reasonably be paid by way of consideration for an immediate transfer of that share.

Other assets

13. The value of any securities issued or guaranteed by any government or public authority shall be—

- (a) in the case of quoted securities, the middle market price;
- (b) in the case of securities which are not transferable, the amount payable on a surrender or redemption of such securities at the relevant date; and
- (c) in any other case the amount which would reasonably be paid by way of consideration for an immediate transfer or assignment thereof.

Assets to be taken into account only to a specified extent

14. Insurance company assets of any of the descriptions specified in the schedule shall be taken into account only to the extent of the percentages as specified in the Schedule, of the total assets or net premium, as the case may be, of the insurance company.

SCHEDULE

(Regulation 14)

ASSETS TO BE TAKEN INTO ACCOUNT ONLY TO A SPECIFIED EXTENT

<i>Description of Assets</i>	<i>Percentage of total assets of the company</i>
1. Debts [other than quoted debentures, debts to which regulation 5(1) or (2) or paragraph 6 apply] which are due or to become due to the insurance company within twelve months of the relevant date (including debts which would become due within that period if the company were to exercise any right to which it is entitled to require payment of the same) from—	
(a) any one connected company (not being an approved financial institution);	2 ¹ / ₂
(b) any one un-incorporated body of persons (not being an approved financial institution).	2
2. Quoted shares in any one connected company.	5
3. Unquoted shares in any one connected company.	2 ¹ / ₂
4. Computer equipment (including software packages).	5
5. Office machinery (other than computer equipment) furniture, motor vehicles and other equipment.	5
	<i>Percentage of general business or long-term business net premium income</i>
6. Amounts recorded in the insurance company's books as due in respect of premium (other than premiums in respect of treaty reinsurance accepted) which either—	30
(a) have not been paid; or	
(b) have been received by an intermediary on behalf of the company, but have not been paid to the company by the intermediary, less any rebates, refunds and commission recorded in the company's books as allowable or payable in respect of any such amounts.	
7. In this Schedule, a company is a connected company of an insurance company where it is—	
(a) a subsidiary of the insurance company;	
(b) the holding or parent company of the insurance company;	
(c) a subsidiary of the holding company referred to at (b);	

SCHEDULE—CONTINUED

- (d) a dependent of the insurance company; or
- (e) where the insurance company is either—
 - (i) a dependent of the company;
 - (ii) a subsidiary of the company.

Made this 7th day of September, 1982.

G. M. CHAMBERS
Minister