



QATAR FINANCIAL CENTRE
**REGULATORY
AUTHORITY**

Captive Insurance Business (Consequential Amendments) Rules 2011

QFCRA Rules 2011-2

The Board of the Qatar Financial Centre Regulatory Authority makes the following rules, and gives the following guidance, under the *Financial Services Regulations*.

Dated 20 June 2011

PHILLIP THORPE
Chairman



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Captive Insurance Business (Consequential Amendments) Rules 2011

QFCRA Rules 2011-2

made under the

Financial Services Regulations

Contents

	Page
1 Name of rules	1
2 Commencement	1
3 Rules amended	1
4 Explanatory notes	1

		page
Schedule 1	Amendments	2
Part 1.1	Assets Rulebook (ASET)	2
Part 1.2	Controls Rulebook (CTRL)	3
Part 1.3	General Rulebook (GENE)	4
Part 1.4	Individuals Rulebook (INDI)	6
Part 1.5	Interpretation and Application Rulebook (INAP)	6
Part 1.6	Prudential—Insurance Rulebook (PINS)	9

1 Name of rules

These rules are the *Captive Insurance Business (Consequential Amendments) Rules 2011*.

2 Commencement

These rules commence on 1 July 2011.

3 Rules amended

These rules amend the *Rules* mentioned in schedule 1.

4 Explanatory notes

An explanatory note in these rules is not part of these rules.

Schedule 1 Amendments

(see r 3)

Part 1.1 Assets Rulebook (ASET)

[1.1] Rules 2.6.6 (1)

omit

third party bank account

substitute

third party account

Explanatory note

This amendment substitutes the correct term third party account for *third party bank account*.

[1.2] Rules 2.6.6 (1) (a)

omit

bank

Explanatory note

This amendment is consequential on the previous and following amendments.

[1.3] Rules 2.6.6 (1) (c)

omit

third party bank account

substitute

third party account

Explanatory note

This amendment substitutes the correct term third party account for *third party bank account*.

Part 1.2 Controls Rulebook (CTRL)

[1.4] Rule 4.4.1

after

Authorised Firm

insert

(other than a *QFC captive insurer*)

Explanatory note

This amendment exempts a captive insurer from the obligation to review its risk management policy. There are separate provisions relating to risk management for QFC captive insurers in the Captive Insurance Business Rules 2011 (CAPI). *QFC captive insurer* will be defined in INAP by a later amendment.

[1.5] Rule 4.4.4 (2)

after

Insurer

insert

(other than a *QFC captive insurer*)

Explanatory note

This amendment exempts a captive insurer from the obligation to appoint a member of its senior management to its risk management function. There are separate provisions relating to risk management for QFC captive insurers in CAPI.

[1.6] Rule 5.3.2 (A)

after

Senior Management

insert

(or, in the case of a firm that is a *QFC captive insurer*, the firm's *governing body*)

Explanatory note

This amendment modifies, in relation to a QFC captive insurer, the obligation of senior management to review its outsourcing arrangements so as to place the responsibility on the governing body of the captive insurer.

Part 1.3 General Rulebook (GENE)

[1.7] Appendix 4, section A4.1.1, fees table

omit

<i>Effecting a Contract of Insurance or Carrying out a Contract of Insurance (as a Captive)</i>	10,000
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substitute

<i>Effecting a contract of insurance or carrying out a contract of insurance as a QFC captive insurer that is not a protected cell company</i>	5,000
<i>Effecting a contract of insurance or carrying out a contract of insurance as a QFC captive insurer that is a protected cell company</i>	8,000, plus 1,000 for each cell (within the meaning given by <i>CAPI</i>)

Explanatory note

This amendment reduces the basic fee in relation to effecting or carrying out contracts of insurance when the firm concerned is a QFC captive insurer that is not a protected cell

company, and introduces a new basic fee for a QFC captive insurer that is a protected cell company.

[1.8] Appendix 4, section A4.2.1

substitute

A4.2.1 Fees for initial application—firm to conduct 1 or more regulated activities

- (1) An *applicant* seeking *authorisation* to conduct 1 or more *regulated activities* specified in the fees table must pay:
 - (a) the fee specified for the *regulated activity* in the table (or, if the applicant intends to carry on more than 1 *regulated activity*, the highest fee specified in the table for any of those *regulated activities*); and
 - (b) US \$500 for each individual for whom *approved individual* status is sought.

Guidance

- 1 These fees relate only to the *applicant's* initial application.
 - 2 No separate application fee is payable for registration with the *CRO* or for the grant of a *licence* by the *QFC Authority*.
- (2) However, if an individual for whom *approved individual* status is sought is from a captive insurance manager (within the meaning given by *CAPI*, rule 1.2.7), and is already approved to carry on the relevant *controlled function*, no additional fee is payable for his or her approval.

Explanatory note

This amendment exempts an individual from a captive insurance manager who is already approved to carry out a controlled function from paying an additional fee for approval to carry out the same function in a QFC captive insurer.

Part 1.4 Individuals Rulebook (INDI)

[1.9] Rule 2.3.1 (2)

after

Every *insurer*

insert

(other than a *QFC captive insurer*)

Explanatory note

This amendment exempts an authorised firm that is a QFC captive insurer from the obligation to have at least 1 individual registered to carry on the risk management function.

[1.10] Rules 2.3.3 and 2.3.4

omit

An *Insurer*

substitute

An *insurer* (other than a *QFC captive insurer*)

Explanatory note

This amendment exempts a QFC captive insurer from the obligation to have at least 1 individual registered to carry on the actuarial function.

Part 1.5 Interpretation and Application Rulebook (INAP)

[1.11] Glossary, definition of *Captive*

omit

Explanatory note

This amendment omits the definition of *captive*—the term is not now used in the Rules.

[1.12] Glossary, definitions of *Cell, Cell Shares, Cellular Assets and Cellular Liabilities*

omit

Explanatory note

This amendment omits the definitions of certain terms related to protected cell companies—the relevant definitions are now to be in CAPI.

[1.13] Glossary, definitions of *Class 1 Captive Insurer, Class 2 Captive Insurer and Class 3 Captive Insurer*

omit

Explanatory note

This amendment omits the definitions of the classes of captive insurer—the relevant provision is now to be in CAPI.

[1.14] Glossary, definitions of *Non-Cellular Assets, Non-Cellular Base Capital Requirement, Non-Cellular Eligible Capital and Non-Cellular Liabilities*

omit

Explanatory note

This amendment omits the definitions of certain terms related to protected cell companies—the relevant definitions are now to be in CAPI.

[1.15] Glossary, after the definition of *QFC Authority*

insert

QFC captive insurer has the meaning given in CAPI, rule 1.2.1.

Explanatory note

This amendment inserts a definition of *QFC captive insurer*, which is used a number of times in other rules.

[1.16] Glossary, definition of *relevant investment*

substitute

relevant investment means—

- (a) for ASET, any of the following—
 - (i) a *share*;
 - (ii) a *debt instrument*;
 - (iii) a *warrant*;
 - (iv) a *securities receipt*;
 - (v) a *unit in a collective investment scheme*;
 - (vi) an *option*;
 - (vii) a *future*;
 - (viii) a *contract for differences*;
 - (ix) *rights in investments* relating to a product mentioned in any of subparagraphs (i) to (viii); and
- (b) for COND and IMEB—
 - (i) each product mentioned in paragraph (a); and
 - (ii) a life policy; and
 - (iii) *rights in investments* relating to such a policy; and
- (c) for all *Rules* other than ASET, COND and IMEB—
 - (i) each product mentioned in paragraph (a); and

-
- (ii) a *long term insurance contract*, and
 - (iii) *rights in investments* relating to such a contract.

Explanatory note

This amendment inserts a new definition of *relevant investment* that makes provision for slightly different meanings of the term in ASET and IMEB (as well as for COND, as the present definition does).

Part 1.6 Prudential—Insurance Rulebook (PINS)

[1.17] Rule 1.5.2

omit

Explanatory note

This amendment removes from PINS the obligation of an insurer that is a protected cell company to ensure that insurance business is attributed to a particular cell—the obligation is now to be in CAPI.

[1.18] Rule 2.1.1

omit

Insurer

substitute

insurer (other than a *QFC captive insurer*)

Explanatory note

This amendment disapplies chapter 2 of PINS in relation to QFC captive insurers—the relevant provisions are now to be in CAPI.

[1.19] Rule 2.3.2

omit

Explanatory note

This amendment removes provisions applicable only to insurers that are protected cell companies—the relevant provisions are now to be in CAPI.

[1.20] Rule 3.1.1

omit

Insurer

substitute

insurer (other than a QFC captive insurer)

Explanatory note

This amendment disapplies chapter 3 of PINS in relation to QFC captive insurers—the relevant provisions are now to be in CAPI.

[1.21] Rule 3.1.2 (other than guidance)

omit

Explanatory note

This amendment removes provisions applicable only to insurers that are protected cell companies—the relevant provisions are now to be in CAPI.

[1.22] Rule 3.4.1

substitute

3.4.1 Base capital requirement

The following table sets out the *base capital requirement*.

Type of insurer	Base capital requirement
Direct insurer	US \$10 million
Reinsurer	US \$20 million

Explanatory note

This amendment substitutes a provision without reference to captive insurers—the relevant provisions are now to be in CAPI.

[1.23] Rule 4.1.1

omit

Insurer

substitute

insurer (other than a QFC captive insurer)

Explanatory note

This amendment disapplies chapter 4 of PINS in relation to QFC captive insurers—the relevant provisions are now to be in CAPI.

[1.24] Rule 4.1.2 (other than guidance)

omit

Explanatory note

This amendment removes provisions applicable only to insurers that are protected cell companies—the relevant provisions are now to be in CAPI.

[1.25] Rule 4.6.2 (including guidance)

omit

Explanatory note

This amendment omits a provision applicable only to captive insurers—the relevant provisions are now to be in CAPI.

[1.26] Rule 5.1.1

omit

Insurers

substitute

insurers (other than QFC captive insurers)

Explanatory note

This amendment disapplies chapter 5 of PINS in relation to QFC captive insurers—the relevant provisions are now to be in CAPI.

[1.27] Rule 5.2.1

omit

that is not a *Protected Cell Company*

Explanatory note

This amendment removes a reference to a protected cell company—the relevant provisions are now to be in CAPI.

[1.28] Rule 5.2.2

omit

Explanatory note

This amendment removes a provision applicable only to insurers that are protected cell companies—the relevant provision is now to be in CAPI.

[1.29] Rule 5.2.4

substitute

5.2.4 Insurer deemed to constitute long term insurance fund to be treated as though it had established such fund

An *insurer* that is deemed, in accordance with rule 5.2.1 (B), to constitute a single *long term insurance fund* shall be treated for all purposes relating to these *rules* as though the *insurer* had established a *long term insurance fund* to which all of the assets and liabilities of the *insurer* are attributed.

Explanatory note

This amendment substitutes a provision that makes no reference to a cell of a protected cell company—the relevant provisions are now to be in CAPI.

[1.30] Rule 5.4.1

omit

or 5.2.2

Explanatory note

This amendment removes a redundant cross-reference.

[1.31] Rule 5.5.4

omit

or a *Cell*

Explanatory note

This amendment removes a reference to a cell—the relevant provisions are now to be in CAPI.

[1.32] Rules 5.5.4 (A) and (B)

omit

or the *Cell*

Explanatory note

This amendment removes references to cells—the relevant provisions are now to be in CAPI.

[1.33] Chapter 7

omit

Explanatory note

This amendment removes from PINS a chapter that relates only to protected cell companies—the relevant provisions are now to be in CAPI.

[1.34] Rules 8.1.1, 9.1.1 and 10.1.1

omit

Insurer.

substitute

insurer (other than a QFC captive insurer).

Explanatory note

This amendment disapplies chapters 8, 9 and 10 of PINS in relation to QFC captive insurers.

[1.35] Rule 10.1.2

omit

Explanatory note

Rule 10.1.2 defines “surplus”, for an insurer that is not a protected cell company, as the insurer’s eligible capital. Because of amendments removing provisions relating to protected cell companies, and substituting “eligible capital” for “surplus” in other provisions of ch 10, the definition is no longer necessary.

[1.36] Rule 10.3.1, guidance

omit

surplus

substitute

eligible capital

Explanatory note

This amendment substitutes “eligible capital” for “surplus”. After the omission of provisions relating to protected cell companies, an insurer’s surplus for ch 10 is its eligible capital.

[1.37] Rule 10.4.1

omit

Insurer's surplus;
substitute
insurer's eligible capital;

Explanatory note

This amendment substitutes “eligible capital” for “surplus”. After the omission of provisions relating to protected cell companies, an insurer’s surplus is its eligible capital.

[1.38] Rule 12.1.1 (A)

omit
Insurer;
substitute
insurer (other than a QFC captive insurer);

Explanatory note

This amendment disappplies chapter 12 of PINS in relation to QFC captive insurers—the relevant provisions are now to be in CAPI.

[1.39] Rule 12.1.2 (A)

omit
a *Cell* in run-off,

Explanatory note

This amendment removes a reference to a cell—the relevant provisions are now to be in CAPI.

[1.40] Rule 12.1.2 (B)

omit
Cell,

Explanatory note

This amendment removes a reference to a cell—the relevant provisions are now to be in CAPI.

[1.41] Rule 12.1.3, guidance 1

omit

Cells,

Explanatory note

This amendment removes a reference to cells—the relevant provisions are now to be in CAPI.

[1.42] Rule 12.1.4 to 12.2.3

omit

Cell,

Explanatory note

This amendment removes references to cells—the relevant provisions are now to be in CAPI.

[1.43] Rule 12.3.1 (A)

omit

Cells, Takaful Fund

substitute

takaful funds

Explanatory note

This amendment removes a reference to cells—the relevant provisions are now to be in CAPI.

[1.44] Rules 12.3.1 (B) to 12.4.1

omit

Cell,

Explanatory note

This amendment removes references to cells—the relevant provisions are now to be in CAPI.

[1.45] Rule 12.4.1 (C)

omit

permission

substitute

authorisation

Explanatory note

This amendment makes the wording of the provision consistent with rule 12.3.3 to which it relates.

[1.46] Rule 12.4.2 (2)

omit

cell,

Explanatory note

This amendment removes references to cells—the relevant provisions are now to be in CAPI.

[1.47] Appendix 3, section A3.6, guidance 2

omit

Explanatory note

This amendment removes a reference to captive insurers—the relevant provisions are now to be in CAPI.

[1.48] Appendix 3, rule A3.6.1

omit

An Insurer, other than a Captive,

substitute

An insurer (other than a QFC captive insurer)

Explanatory note

This amendment makes it clear that the concentration risk component in PINS does not apply to QFC captive insurers.

[1.49] Appendix 3, rule A3.7.2

omit

and subject to Rule A3.7.3,

Explanatory note

This amendment removes a redundant cross-reference.

[1.50] Appendix 3, rule A3.7.3

omit

Explanatory note

This amendment omits a provision applicable only to captive insurers—the relevant provisions are now to be in CAPI.

[1.51] Appendix 3, rule A3.8.2

omit

and subject to Rule A3.8.3,

Explanatory note

This amendment removes a redundant cross-reference.

[1.52] Appendix 3, rule A3.8.3

omit

Explanatory note

This amendment omits a provision applicable only to captive insurers—the relevant provisions are now to be in CAPI.