



**Practice Direction Number 3 of 2006,
Issued under section 40 of the Financial Services Commission Act, 2001.**

Books and Records for Captive Insurance Companies

1 Introduction

- 1.1 Section 21(1)(a) of the Insurance Act, 1994, Regulation 11 of the Insurance Regulations, 1995 and Sections 7 and 8 of the Anti-Money Laundering Code of Practice, 1999 (as amended) all make reference to the requirement to maintain books and records at the insurer's principal office in the Territory. The full text of the relevant requirements is shown in Appendix A.
- 1.2 In regulating and supervising insurers carrying on insurance business from within the Territory the primary objectives of the BVI Financial Services Commission (the "Commission") in setting the requirement that books and records are maintained in the Territory are to ensure that the:
 - o business carried on by the insurer from within the Territory is in line with the business plan lodged with and the licence issued by the Commission;
 - o insurer is financially strong and is able to meet all its liabilities and maintain the required margin of solvency at all times;
 - o insurer and its compliance officer are aware of the source and recipient of all transactions relating to the insurer.

2 Application

- 2.1 For the purposes of this Practice Direction a Captive Insurance Company ("insurer" or "Captive Insurer") is defined as being an insurer licenced by the Commission to carry on insurance business from within the Territory.
- 2.2 This Practice Direction applies to all Captive Insurers and their Insurance Managers licensed under the Insurance Act, 1994. It sets out the minimum information that the Commission would expect captive insurers to maintain at their principal office in the Territory.
- 2.3 As part of its supervisory responsibility, the Commission will apply this Practice Direction when undertaking on-site inspections of insurance managers.