

Captive Insurance (Amendment of Schedule) Regulations 2023

GN No. 158 of 2023

Government Gazette of Mauritius No. 92 of 28 October 2023

THE CAPTIVE INSURANCE ACT

Regulations made by the Minister under section 17(2)(a) of the Captive Insurance Act

1. These regulations may be cited as the **Captive Insurance (Amendment of Schedule) Regulations 2023**.
2. In these regulations —
"Act" means the Captive Insurance Act.
3. The Schedule to the Act is repealed and replaced by the Schedule set out in the Schedule to these regulations.
4. These regulations shall come into operation on 28 October 2023.

Made the Minister on 27 October 2023.

SCHEDULE

[Regulation 3]

SCHEDULE

[Section 2]

In this schedule -

"insurable interest" means the risk arising from a contractual relationship between a third party and the parent or an affiliated corporation in which the parent has an ownership of not less than 20 per cent;

"owner", in relation to a multi-owner captive insurance business, means a person that owns shares or interests carrying voting rights;

"ownership" means -

- (a) the owning, controlling or holding, directly or indirectly, of shares or interests carrying voting rights; or
- (b) such other form of ownership as the Commission may determine.

CATEGORIES OF CAPTIVE INSURANCE BUSINESS

SN	Category	Description of related business (mandatory activity)	Description of unrelated business (optional activity)	Limitations to unrelated business
1.	Pure captive insurance business	In relation to general insurance business and ART policy contracts, the business of undertaking liability with respect to the risks of the parent and of any entity in which the ownership of the parent exceeds 50 per cent	In relation to general insurance business and ART policy contracts, the business of undertaking liability with respect to the risks of entities in which the ownership of the parent is not less than 20 per cent nor more than 50 per cent	Limitation to unrelated business – the gross written premium originating from the unrelated business shall not exceed 10 per cent of the total gross written premium* or such other amount as may be specified in FSC Rules, whichever is lesser
2.	Class 1 third party captive insurance business	The related business under pure captive insurance business	<p>The unrelated business under pure captive insurance business</p> <p>or</p> <p>The business of undertaking long-term insurance business with respect to the parent or entities in which the ownership of the parent exceeds 50 per cent</p> <p>or</p> <p>both</p>	<p>Limitations to unrelated business –</p> <p>(a) the gross written premium originating from the unrelated business under pure captive insurance business shall not exceed 50 per cent of the total gross written premium* or such other amount as may be specified in FSC Rules whichever is lesser</p> <p>(b) the gross written premium originating from the business of undertaking long-term insurance business with respect to the parent or entities in which the parent has not less than 50 per cent ownership shall not exceed 10 per cent of the total gross premium* or such other amount as may be specified in FSC Rules, whichever is lesser</p> <p>(c) the technical provisions in respect of the business of undertaking long-term insurance business with respect to the parent or entities in which the parent has not less than 50 per cent ownership or such other amount as may be specified in FSC Rules</p>

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| 3. Class 2 third party captive insurance business | The related business under pure captive insurance business | The unrelated business under Class 1 third party captive insurance business | Limitation to unrelated business –
(a) the gross written premium originating from the business of undertaking liability with respect to the risks of any person in which the parent or affiliated corporation has no ownership, but to whom the parent or affiliated corporation is related through an insurable interest, shall not exceed 50 per cent of the total gross written premium* or such other amount as may be specified in FSC Rules whichever is the lesser
(b) the limitations of unrelated business under Class 1 third party captive insurance business apply |
| | | or
The business of undertaking liability with respect to the risks of any person in which the parent or affiliated corporation has no ownership, but to whom the parent or affiliated corporation is related by virtue of an insurable interest
or
both | |
| 4. Class 3 third party captive insurance business | The business of undertaking liability with respect to the risks linked with the core product or service of the parent and entities in which the ownership of the parent exceeds 50 per cent, subject to such limitation or restriction as may be specified in FSC Rules | Unrelated business is not allowed under Class 3 third party captive insurance business | Not Applicable |
| 5. Multi-owner pure captive insurance business | The business of undertaking liability with respect to the risks of the owner, or risks related to or arising out of the business or operations of the owner, provided that the owner shall be an entity of a common industry, or shall be related in such other manner as the Commission may determine | Unrelated business is not allowed under multi-owner pure captive insurance business | Not Applicable |

Notes

1. The descriptions and limitations set up above shall be applicable per cell where the captive insurer is structured as a Protected Cell Company under the Protected Cell Companies Act, and the parent, in this case, shall be the parent of the cellular shareholder.
2. Subject to 8(2) of this Act, captive insurance business, in relation to an accident and health policy as defined under the Insurance Act, may be carried out provided that the person insured is an employee or the declared dependant of an employee of the parent of the captive insurer.
3. The categories of captive insurance business mentioned in the above table, do not include the business of an international organisation referred to in Part V of the International Organisations and Conferences (Privileges and Immunities) Act.

* as reported in the returns of the current financial year in respect of related business under pure captive insurance business
