



Laws and Regulations Announcement

Tuesday, November 24, 2015

Amendments Proposed to Improve Competitiveness of Insurance Industry

Agency:	Financial Services Commission
Amended Regulation:	Regulation on Supervision of Insurance Business
Announcement Date:	November 24, 2015
Summary:	<p>The Financial Services Commission announced on November 24, 2015, amendments to the Regulation on Supervision of Insurance Business. The proposed amendments provide for the repeal of the standard interest rates used to set insurance company's policy reserves and premiums and phase out interest rates that insurance companies may apply to determine the benefit amount for interest rate-linked insurance products.</p>
Key Provisions:	<ul style="list-style-type: none">• The standard rates that insurance companies may use in setting policy reserves are to be repealed, thus enabling insurance companies to compete with their own premiums.• The interest rates that insurance companies may apply in determining the benefit amount for interest rate-linked insurance products are to be raised from the current $\pm 20\%$ to $\pm 30\%$ in 2016 and to be phased out in 2017.• The caps on loss adjustment to premiums for insurance products designed to underwrite new risks or cover not readily insurable consumers are to be raised from the current $\pm 30\%$ to $\pm 50\%$ in 2016 and to be phased out in 2017.• The cap on risk adjustment that may be made when setting insurance premiums is to be raised from the current $\pm 25\%$ to $\pm 30\%$ in 2016 and to $\pm 35\%$ in 2017 and to be conditionally phased out in 2018.
Effective Date for the Amendments:	January 1, 2016
