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**BULLETIN:**

**REGULATION 45: MINIMUM LEVEL OF PUBLIC  
OBLIGATIONS TO BE HELD BY STOCK INSURERS**

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## MINIMUM LEVEL OF PUBLIC OBLIGATIONS TO BE HELD BY STOCK INSURERS

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### 1.0. BACKGROUND

Regulation 45 indicates that a stock insurer operating in Jamaica must invest “not less than forty per cent of its minimum required capital” in public obligations<sup>1</sup>. However, this requirement is unclear and may have been open to different interpretations. The purpose of this bulletin is to clarify the method to be used in determining the minimum level of public obligations that should be held by stock insurers.

### 2.0 METHOD

The minimum level of public obligations to be held by stock insurers should be calculated using the following formula:

$$40\% \text{ of } (\text{Total Assets} - (\text{Capital Available} - \text{factor} * \text{Capital Required}))$$

The capital available and capital required should be sourced from the company’s MCCR<sup>2</sup> and MCT<sup>3</sup> filings, where appropriate, while the total assets should be sourced from the company’s financial statements. The factor is equivalent to the minimum MCCR and MCT percentages prescribed in the Insurance (Actuaries) (Life Insurance Companies) Regulations, 2001 and the Insurance (Actuaries) (General Insurance Companies) (Amendment) Regulations, 2011.

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<sup>1</sup> See Regulation 46 of the Insurance Regulations, 2001

<sup>2</sup> Minimum Continuing Capital and Surplus Requirement

<sup>3</sup> Minimum Capital Test