

Insurance Companies

1987-10

INSURANCE COMPANIES (FORMS) REGULATIONS 1987

**Revoked
Subsidiary
1987/105**

Regulations made under section 119 of the Insurance Companies Ordinance 1987.

INSURANCE COMPANIES (FORMS) REGULATIONS 1987

Revoked LN1996/069 as from 1.7.1996

(LN. 1987/105)

2.7.1987

Amending enactments	Relevant current provisions	Commencement date
LN. 1991/091 Sch. 1		7.2.1991

1987-10

Revoked
Subsidiary
1987/105

Insurance Companies

INSURANCE COMPANIES (FORMS) REGULATIONS 1987

ARRANGEMENT OF REGULATIONS.

Regulation

1. Title.
2. Form of licence.
3. Forms of statutory notice.
4. Exemptions.

SCHEDULE 1

Licence to carry on insurance business.

SCHEDULE 2

Statutory notice (non-linked contracts) and (linked contracts).

SCHEDULE 3

Form of cancellation.

Insurance Companies

INSURANCE COMPANIES (FORMS) REGULATIONS 1987

1987-10

**Revoked
Subsidiary
1987/105**

Title.

1. These regulations may be cited as the Insurance Companies (Forms) Regulations, 1987.

Form of licence.

2. A licence issued under section 31(1) of the Ordinance shall be in the form specified in Schedule 1.

Form of statutory notice.

3.(1) The statutory notice required to be sent in pursuance of section 72(1) of the Ordinance shall be in accordance with Form I or 2 in Schedule 2, whichever shall be the appropriate form according to the nature of the contract.

(2) The form of cancellation required by section 72(1) of the Ordinance to be attached to a notice referred to in paragraph (1) above shall be in the form set out in Schedule 3.

(3) A statutory notice or form of cancellation shall be printed on a single sheet of paper and the lettering shall be easily legible and of a colour which is readily distinguishable from the colour of the paper; and capital letters and figures shall appear in all places in which they are shown in the relevant Schedules.

(4) If the text in the notice or form is so printed that the text does not appear entirely on one side of the paper, the symbol and word "/over" shall be printed below that part of the text which appears on the front of the paper.

(5) The notice or form shall not contain any advertising matter either on the face or back thereof.

Exemptions.

4.(1) Regulation 3 shall not apply to:

- (a) contracts for long term business of Class IV (Permanent Health) in Schedule 2 of the Ordinance;
- (b) contracts for which the proposer is not an individual;
- (c) contracts which form part of a retirement benefits scheme;

Insurance Companies

INSURANCE COMPANIES (FORMS) REGULATIONS 1987

- (d) contracts for which the proposer, or if there is more than one proposer, at least one of the proposers is neither a person on whose life the contract is made nor the spouse of such a person;
- (e) contracts of term assurance, other than convertible term assurance, effected for periods of seven years or less;
- (f) contracts into which the proposer is required to enter in order to obtain credit under a personal credit agreement;
- (g) contracts under which the benefits payable are secured by payment of a single premium.

(2) The Commissioner may, on the application of a licensed insurer, alter the requirements of regulation 3 so as to adapt those requirements to the circumstances of that insurer or to any particular kind of contract proposed to be entered into by that insurer.

SCHEDULE 1.

INSURANCE COMPANIES ORDINANCE.

LICENCE TO CARRY ON INSURANCE BUSINESS.

1.[full name of licensee]
[registered address]
 is hereby licensed under the Insurance Companies Ordinance, to carry on insurance business in the following classes or description in Gibraltar.

2. This licence is subject to the provisions of the Ordinance.

Dated this day of

.....
 Commissioner of Insurance

SCHEDULE 2.

STATUTORY NOTICE (NON-LINKED CONTRACTS).

Form 1

IMPORTANT-YOU SHOULD READ THIS CAREFULLY

NOTICE* RELATING TO LONG-TERM INSURANCE CONTRACT.

(This notice does not form part of the contract to which it relates. The terms and conditions of the contract will be set out in the policy document.)

YOUR RIGHT TO CHANGE YOUR MIND

1. You have proposed entering into a long-term insurance contract with (name of the insurer with whom the contract is being entered into). In entering into this contract you are undertaking to pay premiums in return for which you, or other persons chosen by you, will become entitled to receive benefits, payable in circumstances set out in the policy. It is, therefore, important for you to be sure that the contract meets your needs. The law gives you 10 days from the day on which you receive this notice (or in some cases longer-see paragraph 5) to consider the matter again and, if you so wish, to withdraw from the transaction. Some of the points you should consider in deciding whether the contract meets your needs are set out in paragraphs 2 and 3.

POINTS YOU SHOULD CONSIDER

2. Premiums and benefits

- (a) How much are you undertaking to pay by way of premiums, at what intervals, and over what period?
- (b) What benefits is the insurer promising to pay when you die (or when your wife or husband dies)?
- (c) Is the insurer promising to pay benefits at any time **before** you die? If so, what are they? In what circumstances will they be paid?
- (d) Are the benefits limited to the amounts specified in the contract or does the contract provide for entitlement to additional benefits in the form of a share in future profits of the insurer?

3. Stopping the payment of premiums.

In the case you later wish to discontinue payment of premiums, you should consider what the entitlement to benefits would be in those circumstances. Possibilities are:-

Insurance Companies

INSURANCE COMPANIES (FORMS) REGULATIONS 1987

- (i) **Paid-up policy.** In some cases- normally savings-type policies - the insurer may agree to convert your policy into a "paid-up" policy, provided that a certain number of years' premiums have been paid. This means that, although you would pay no more premiums, the policy would remain in force but the benefits would be reduced. Some policies give a right to conversion to a "paid-up" policy, but unless your policy does so it will be for the insurer to decide whether or not he agrees to convert it and, if so, on what terms. Some policies cannot in any circumstances be converted in this way.
- (ii) **Surrender.** As an alternative to a "paid-up" policy you might prefer to ask for a cash sum in return for surrendering the policy. This cash sum is known as the "surrender value". Unless it is guaranteed in the policy it will be for the insurer to decide whether such a sum is payable, and how much it will be. The surrender value may well be less than the total of premiums paid by you up to the date of surrender, particularly in the early years in which the policy is in force, when no sum may be payable at all. Some policies do not in any circumstances have a surrender value.

4. Further information. If you need further information about the contract you should get in touch as soon as possible either with the person who arranged the insurance for you or with [name, address, telephone number of appropriate contact]. If you are not satisfied with the information you get within 10 days of receiving this notice you may wish to exercise your right to withdraw from the transaction.

RIGHT TO WITHDRAW FROM THE TRANSACTION

5. If you wish to go ahead with the transaction you should do nothing with the attached cancellation notice. But if you wish to withdraw and to have back any money you have paid to the insurer or his agent in connection with the contract, you should send notice of cancellation (either on the form attached to this document or otherwise in writing to the same effect) to [insert either the name and address of the person to whom a notice of cancellation may be sent or, if that person is the same as that named in the preceding paragraph, the words "the person whose name and address are given in the preceding paragraph"], and you must post it before the end of-

- the tenth day after the day on which you received this notice; or
- the earliest day on which you know both that the contract has been entered into and that the first premium has been paid.

Insurance Companies

INSURANCE COMPANIES (FORMS) REGULATIONS 1987

1987-10

**Revoked
Subsidiary
1987/105**

whichever is the later.

This notice relates to insurances contract reference [contract reference number or code]. Please quote this reference in any correspondence.

*The notice is issued in compliance with the requirements of section 72 of the Insurance Companies Ordinance.

†Section 72 of the Insurance Companies Ordinance.

SCHEDULE 2.

STATUTORY NOTICE (LINKED CONTRACTS).

Form 2

IMPORTANT-YOU SHOULD READ THIS CAREFULLY.

NOTICE* RELATING TO LONG-TERM INSURANCE CONTRACT

(This notice does not form part of the contract to which it relates. The terms and conditions of the contract will be set out in the policy document.)

YOUR RIGHT TO CHANGE YOUR MIND

1. You have proposed entering into a long-term insurance contract with [name of the insurer with whom the contract is being entered into]. In entering into this contract you are undertaking to pay premiums in return for which you, or other persons chosen by you, will become entitled to receive benefits, payable in circumstances set out in the policy. It is, therefore, important for you to be sure that the contract meets your needs. The law gives you 10 days from the day on which you receive this notice (or in some cases longer - see paragraph 6) to consider the matter again and, if you so wish, to withdraw from the transaction. Some of the points you should consider in deciding whether the contract meets your needs are set out in paragraphs 2 to 4.

POINTS YOU SHOULD CONSIDER

2. Premiums and fixed benefits.

- (a) How much are you undertaking to pay by way of premiums, at what intervals, and over what period?

Insurance Companies

INSURANCE COMPANIES (FORMS) REGULATIONS 1987

- (b) Is the insurer promising to pay any benefits of fixed amount when you die (or when your wife or husband dies)? If so, what are they?
- (c) Is the insurer promising to pay benefits of fixed amount at any time **before** you die? If so, what are they? In what circumstances will they be paid?

3. Variable ("linked") benefits. The contract is a linked life assurance contract. Briefly, this means that some or all of the benefits the insurer promises to pay are not fixed sums of money. The value of these benefits will depend, for example, on the value of certain assets-or on the level of an index of asset values-when the time comes for the insurer to pay them; and the amount to be paid will be calculated according to a formula laid down in the policy. As the value of most assets can go up or down, so the amount of benefits at the time they are paid may be more or may be less than if the calculation were made now. You should also remember that, although the benefits may be related to the value of particular assets, those assets do not belong to you: the premiums you pay are for entitlement to the benefits under the contract. Here, then, are some other points you should consider:-

- (a) How much of the premiums will go towards providing linked benefits?
- (b) In what circumstances is the insurer promising to pay linked benefits?
- (c) To what asset values or indices will the benefits be linked? How will the benefits be calculated? How far will the benefits be affected by the income the insurer receives from the linked assets or by his tax liability in respect of them?
- (d) If the benefits are to be calculated wholly or partly on the basis of units in an investment fund owned or managed by the insurer-what is the name of the fund? in what types of asset may the fund be invested? how far may the insurer's management or other expenses be met from the fund? is there any provision allowing the insurer to postpone payment of the benefits?

4. Stopping the payment of premiums. In case you later wish to discontinue payment of premiums, you should consider what the entitlement to benefits would be in those circumstances. Possibilities are-

- (i) **Paid-up Policy.** The insurer may agree to convert your policy into a "paid-up" policy. This means that, although you would pay no more premiums, the policy would remain in force but

Insurance Companies

1987-10

Revoked
Subsidiary
1987/105

INSURANCE COMPANIES (FORMS) REGULATIONS 1987

the benefits would be reduced. Some policies give a right to conversion to a "paid-up" policy, but unless your policy does so it will be for the insurer to decide whether or not he agrees to convert it and, if so, on what terms.

- (ii) **Surprender.** As an alternative to a "paid-up" policy you might prefer to ask for a cash sum in return for surrendering the policy. This cash sum is known as the "surrender value". It may well be less than the total of premiums paid by you up to the date of surrender, particularly in the early years in which the policy is in force; indeed, some policies have no surrender values in the first 2 years or so.

5. Further information. If you need further information about the contract you should get in touch as soon as possible either with the person who arranged the insurance for you or with [name, address, telephone number of appropriate contact]. If you are not satisfied with the information you get within 10 days of receiving this notice, you may wish to exercise your right to withdraw from the transaction.

RIGHT TO WITHDRAW FROM THE TRANSACTION

6. If you wish to go ahead with the transaction you should do nothing with the attached cancellation notice. But if you wish to withdraw and to have back any money you have paid to the insurer or his agent in connection with the contract, you should send notice of cancellation (either on the form attached to this document or otherwise in writing to the same effect) to [insert either the name and address of the person to whom a notice of cancellation may be sent or, if that person is the same as that named in the preceding paragraph, the words "the person whose name and address are given-in the preceding paragraph"], and you must post it before the end of-

- the tenth day after the day on which you received this notice; or
- the earliest day on which you know both that the contract has been entered into and that the first premium has been paid,

which ever is the later.

This notice relates to insurance contract reference [contract reference number or code]. Please quote this reference in any correspondence.

*The notice is issued in compliance with the requirements of section 72 of the Insurance Companies Ordinance.

1987-10

**Revoked
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1987/105**

Insurance Companies

INSURANCE COMPANIES (FORMS) REGULATIONS 1987

†Section 72 of the Insurance Companies Ordinance.

SCHEDULE 3.

FORM OF CANCELLATION.

FORM OF CANCELLATION

(To be returned only if you wish to cancel the contract)

To [name of insurer]

I hereby give notice that I have decided not to proceed with this insurance contract; and I require the return of any money paid to you or your agent in connection with it.

Signed Date

[Name and address of the person to whom the Notice is being sent].

This Form relates to insurance contract reference [contract reference number or code].