

**LAWS OF BARBADOS**

**INSURANCE CORPORATION OF  
BARBADOS ACT**

**CHAPTER 311**

**(SUBSIDIARY LEGISLATION)**

**THE LAWS OF BARBADOS**  
Printed by the Government Printer, Bay Street, St. Michael,  
by the authority of the Government of Barbados

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**Insurance Corporation of Barbados**

Cap. 311.

**INSURANCE CORPORATION OF BARBADOS  
(REINSURANCE CESSIONS)  
ORDER, 1982**

1982/210.

**Authority:** This order was made on 5th November, 1982 by the Minister under section 25 of the *Insurance Act*.

**Commencement:** 5th November, 1982.

1. This Order may be cited as the *Insurance Corporation of Barbados (Reinsurance Cessions) Order, 1982*. Citation.

2. In this order, Interpre-  
"fire and allied classes insurance" means insurance against: tation.  
(a) fire and special perils such as storm, tempest, flood, hurricane, earthquake, riot and strike;  
(b) consequential loss following those perils; and  
(c) risk under a houseowner's or householder's comprehensive policy.

3. All insurers shall reinsure with the Corporation 10 per cent of each fire and allied classes insurances on risks situated in Barbados or incidental thereto. Class of business and percentage of cessions.

4. The premium payable to the Corporation by an insurer for insurances ceded is a *pro rata* percentage share of the premium receivable by the insurer from the insured in respect of the risk compulsorily reinsured, without any deductions. Premium payable by insurer.

5. The Corporation shall pay to each insurer a reinsurance commission of 35 per cent on the premiums payable to the Corporation by the insurer in respect of all insurances ceded to the Corporation by virtue of this order. Commission.

**THE LAWS OF BARBADOS**

Profit com-  
mission.

6. (1) The Corporation shall pay to each insurer an annual profit commission at the rate of 20 per cent of the profits of the Corporation arising from the compulsory cessions made under this Order.

(2) The profit commission shall be calculated separately in respect of each insurer.

Schedule.

(3) The profit of the Corporation in respect of each year of account shall be calculated in accordance with Part I of the *Schedule*.

(4) The excess of income over the outgo represents the profit of the Corporation for each year, and the profit commission shall be paid at the rate specified in sub-paragraph (1).

(5) For the purpose of calculating the profit commission, the profit of the Corporation in each year of account shall be arrived at as follows:

(a) in respect of the first year, the profit of the Corporation for that year;

(b) in respect of the second year, one-half of the aggregated profit of the Corporation for the current and preceding year; and

(c) in respect of the third and subsequent years, one third of the aggregated profit of the Corporation for the current and 2 immediately preceding years.

(6) In ascertaining the profit of the Corporation, the net result of each of the 3 years, whether it be a profit or a loss, shall be aggregated, and if the result of the aggregate is positive then that represents the profit of the Corporation

(a) for the purpose of calculating the profit commission under sub-paragraphs (3), (4) and (5); and

(b) one-half or one-third of which is the profit of the Corporation for the current year, as the case may be.

Profit com-  
mission on  
termination  
of cession.

7. (1) When a cession to the Corporation terminates because an insurer discontinues writing new business, closing profit commission statements shall be drawn up as at the effective date of the termination.

(2) When a cession is terminated as at any date other than the 31st December in any year, the profit commission statement must include

(a) the business of the portion of the year from 1st January to the date of termination; and

(b) the business of the 2 preceding years or any shorter period during which the cession was in force.

(3) The profit commission shall be calculated on the profit shown by the profit commission statement.

(4) The amount payable as profit commission shall be calculated on the proportion of the profit that the portion of the year in which the termination comes into effect bears to the entire period, the result of which is included in the final statement.

(5) When the liabilities under the cession are liquidated an amended final statement must include all relative transactions after the termination, and any profit commission shall be adjusted accordingly.

(6) The requirements of sub-paragraph (5) may be modified by the Corporation and an insurer based on the withdrawal of portfolios or negotiations and mutual agreement in order to avoid prolonged residuary accounting for a terminated cession.

8. (1) When the cession has been in force for a period equal to or exceeding 4 quarters the premium portfolio percentage shall be calculated as 35 per cent of the premiums of the preceding 4 quarters.

Portfolio  
premiums  
and losses.

(2) When the cession has been in force for less than 4 quarters, the portfolio rate shall be adjusted in proportion to the average duration of unexpired risks.

(3) The losses portfolio percentage shall be calculated as 90 per cent of the total of losses outstanding as at 1st January or 31st December, as the case may be.

(4) No portfolio entry is required to be made in the first year of cessions.

(5) Where there is a withdrawal of loss portfolio in any year, the relevant insurer has the right to re-adjust the portfolio withdrawal in accordance with any settlements made, if those settlements are substantially different from the amounts so withdrawn.

Cash loss  
advance.

**9.** (1) When the share of loss incurred by the Corporation in respect of any claim is equal to or more than \$10,000, the relevant insurer may demand from the Corporation a cash loss advance.

(2) A cash loss advance shall be paid by the Corporation within 10 days of a demand by an insurer.

Statement  
of Accounts  
and Settle-  
ment of  
Balances.

**10.** (1) An insurer shall forward to the Corporation quarterly statements of account within 60 days following the last day of March, June, September and December, in each year.

(2) When the statement of account shows that a balance is due to the Corporation by an insurer, the balance shall be remitted to the Corporation with the statement of account.

Inspection  
of books  
and docu-  
ments.

**11.** The Corporation may at any reasonable time, inspect the books and documents of any insurer that relate to the business ceded to the Corporation.

Insurer to  
furnish  
informa-  
tion.

**12.** Any information or data supplied by an insurer to the Corporation

(a) shall be on the form approved by the Corporation for that purpose; and

(b) shall be furnished by the insurer within the period stipulated by the Corporation.

Liability.

**13.** The liability of the Corporation is the *pro rata* share specified in paragraph 3, and the liability commences and ends simultaneously with that of the ceding insurer.

Effective  
dates of  
cessions.  
Schedule.

**14.** The dates from which reinsurance cessions become effective for insurers are set out in Part II of the *Schedule*.

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SCHEDULE

(Paragraph 6(3))

PART I

<i>Income</i>	<i>Outgo</i>
1. Premium ceded to the Corporation during the year of account.	1. Commission on premium for the year of account @ 35%.
2. Portfolio Premiums entry @ 35% of the premiums relating to the four quarters preceding the beginning of the year of account.	2. Actual taxes, Fire Brigade charges etc.
3. Loss Portfolio entry @ 90% of the claims outstanding at the beginning of the year of account.	3. Portfolio Premium withdrawal @ 35% of the premiums ceded during the year of account.
	4. Portfolio losses withdrawal @ 90% of the claims outstanding at the end of the year of account.
	5. Losses paid during the year of account.
	6. Reinsurers' expenses @ 5% of premium relating to the year of account.

*(Paragraph 14)*

PART II

<i>Name of Insurer</i>	<i>Effective Date</i>
(i) The United Insurance Co. Ltd.	Each Policy or renewal of Policy where the date of inception of risk is 1st October, 1981 or thereafter.
(ii) The Barbados Commercial Insurance Co. Ltd., in their own capacity or as Agents for the Caribbean Commercial Insurance Co. Ltd.	
(iii) The Phoenix Assurance Co. Ltd.	
(iv) All the other insurers who are carrying on insurance business in Barbados	Each Policy or renewal of Policy where the date of inception of risk is 1st January, 1982 or thereafter.