

Insurance Corporation of Barbados

Cap. 311.

**INSURANCE CORPORATION OF BARBADOS
(REINSURANCE CESSIONS) ORDER, 1983**

1983/169.

Authority: This order was made on 3rd November, 1983 by the Minister under section 25 of the *Insurance Corporation of Barbados Act*.

Commencement: 10th November, 1983.

1. This Order may be cited as the *Insurance Corporation of Barbados (Reinsurance Cessions) Order, 1983*. Citation.

2. In this order "miscellaneous accident insurance business" means insurance in such classes of general insurance business as are covered under paragraphs (e), (f) and (i) of subsection 3 (1) of the *Insurance Act*. Interpretation.
Cap. 310.

3. All insurers shall reinsure with the Corporation 10 per cent of each policy relating to miscellaneous accident insurance on risks existing in Barbados or incidental thereto subject to the exclusions specified in Part I of the *Schedule*. Class of business and percentage of cessions. Schedule.

4. The premium payable to the Corporation by an insurer for insurance 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. Premiums payable by insurer.

5. The Corporation shall pay to each insurer a reinsurance commission, as specified in Part II of the *Schedule*, 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. Schedule.

6. (1) The Corporation shall pay to each insurer an annual profit commission at the rates specified in Part II of the *Schedule*, on the profits of the Corporation arising from the compulsory cessions made under this order. Profit Commission.

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

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Schedule.

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

(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 amount of each of the 3 years, whether it be a profit or a loss, shall be aggregated, and if the amount of the aggregate is positive then that represents the profit of the Corporation

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

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

Profit
commission
on termina-
tion 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 basis of 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 session 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 as may be agreed upon between the Corporation and the insurer.

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 premium of the preceding 4 quarters. Portfolios
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.

(6) In this paragraph "quarter" means a period of 3 months.

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

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

Statement of accounts and settlement of balances.

10. (1) An insurer shall forward to the Corporation 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 the books and documents.

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 information.

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

(a) shall be in 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 limited to the *pro rata* share specified in paragraph 3, and the liability commences and ends simultaneously with that of the ceding insurer.

Effective date of cessions. Schedule.

14. The date which reinsurance cessions become effective for insurers are set out in Part IV of the *Schedule*.

SCHEDULE

(Paragraphs 3, 5, 6 and 14)

PART I

*Exclusions attaching to Cover Note for Miscellaneous Accident
Priority Quota Share Retro Treaty*

An agreement to which paragraph 3 of this Order relates shall not apply to loss or liability arising from:

General

1. Radioactive Contamination
2. Atomic and Nuclear Energy Risk Pools
3. War including Civil War

General Third Party Liability

1. Inland, Coastal and Ocean going Marine Risks
2. Airlines, aircraft and the operation of airport including refuelling, control tower liability and construction or repair work within the airport perimeter
3. Railways other than private sidings
4. Construction and operation of Tunnels, Bridges and Subaqueous work, unless incidental to operations not otherwise excluded
5. Dams and Cofferdams
6. Underground Mining
7. Quarrying where explosives are used
8. Sports meetings involving as competitors, motor propelled vehicles
9. Manufacture, storage, filling, breaking down and transporting of
 - (a) Fireworks, ammunition, fuses, cartridges, powder nitroglycerine or any explosive;
 - (b) Gases or air under pressure in containers
10. Prospecting, extraction and refining of liquid or gaseous fuels
11. Shipbuilding, ship repair, port authorities and risks connected with docks and wharves
12. Gas or electricity undertakings

13. Motor Third Party liability other than for vehicles not licensed for road use
14. Employers' liability and liability under any enactment relating to national insurance and social security.

IT IS UNDERSTOOD AND AGREED, HOWEVER, THAT THE STORAGE AND TRANSPORT OF ANY OF THE SUBSTANCES SPECIFIED IN PARAGRAPH 9, WHICH IS MERELY INCIDENTAL TO THE OCCUPATION OR TRADE OF THE ASSURED IS NOT EXCLUDED FROM THE AGREEMENT.

Employers Liability and National Insurance and Social Security

1. Crews of vessels
2. Operation of railways other than private sidings
3. Manufacture, storage, filling, breaking down or transport of:
 - (a) Fireworks, ammunition, fuses, cartridges, powder, dynamite, nitro-glycerine or any substances intended for use as an explosive;
 - (b) Gases or air pressure in containers
4. Crews of aircraft
5. Construction and maintenance of tunnels, bridges, dams, coffer dams unless incidental to operations not otherwise excluded
6. Drilling of liquid or gaseous fuel
7. Subaqueous work
8. Underground mining
9. Quarries where explosives are employed
10. Shipbuilding, ship repair, port authorities and risks connected with docks and wharves

11. Construction of towers, steeples, chimney shafts and buildings over 100 feet high

IT IS UNDERSTOOD AND AGREED, HOWEVER, THAT

- (a) THE STORAGE AND TRANSPORT OF ANY OF THE SUBSTANCES SPECIFIED IN PARAGRAPH 3, WHICH IS MERELY INCIDENTAL TO THE OCCUPATION OR TRADE OF THE ASSURED IS NOT EXCLUDED FROM THE AGREEMENT:
- (b) SMALL BRIDGES FORMING AN INTEGRAL PART OF THE ROAD SYSTEM OF BARBADOS ARE NOT EXCLUDED BY VIRTUE OF PARAGRAPH 5.

PART II

Commission and Profit Commission

<i>Class of Business</i>	<i>Commission</i>	<i>Profit Commission</i>
1.(a) Employer's Liability	27.5%	20%
(b) Public Liability	"	"
(c) Burglary	"	"
(d) Money-in-Transit	"	"
(e) Personal Accident including coupons	"	"
(f) Fidelity Guarantee	"	"
(g) Plate Glass	"	"
(h) All Risks	"	"
2.(a) Contractors' and Construction All Risks business	25%	20%
(b) Erection – All Risks	"	"
(c) Machinery Breakdown – (Material damage and Consequential Loss)	"	"
(d) Boiler and Pressure Vessels Insurance	"	"
(e) Other classes of Engineering insurance business	"	"

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3.(a) Credit and other forms of Bonds or Guarantees including Customs bonds and Contractors' bonds	15%	20%
(b) Live Stock	"	"
(c) Bankers' Blanket	"	"
(d) Professional Indemnity	"	"
(e) Products Liability (when written separately and not as an extension of a public liability cover)	15%	20%
(f) All other classes of miscellaneous accident business	"	"

PART III

<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 (in accordance with Part I of this Schedule).
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.

PART IV

Name of Insurer

Effective Date

All insurers who are carrying on general insurance business in Barbados.

Each Policy or renewal of Policy where the date of inception of risk is 1st January 1983 or thereafter.

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Printed by the Government Printing Department, Bay Street, St. Michael,
by the authority of the Government of Barbados