

**Appendix 5**

In this Appendix underlining indicates new text and striking through indicates deleted text. .

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# The DFSA Rulebook

## Prudential – Insurance Business Module

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### 3 LONG-TERM INSURANCE BUSINESS

#### 3.1 Introduction

##### 3.1.1 This chapter applies to all Insurers.

###### Guidance

1. This chapter sets out requirements in respect of Long-Term Insurance Business. An Insurer is required to maintain a separate fund in respect of Long-Term Insurance Business or to subject itself to the same restrictions as apply to a Long-Term Insurance Fund.
- ~~2. COB Rule 2.2.2(1) (a) provides that Long Term Insurance Business conducted by an Insurer in or from the DIFC is limited to reinsurance. However, this provision does not prevent a DIFC Incorporated Insurer from being able to effect or carry out Direct Long Term Contracts of Insurance from an establishment outside the DIFC. Where an Insurer does so, it must comply with the requirements in this section relating to Direct Long Term Insurance Business. [Amended] [VER6/07-07] [RM46/07]~~
- ~~2. 3.~~ Requirements in this section that are not specified as applying to Direct Long-Term Insurance Business apply to all Long-Term Insurance Business. [Added] [VER6/07-07] [RM46/07]

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## APP4 CALCULATION OF MINIMUM CAPITAL REQUIREMENT

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### A4.12 Long-term insurance risk component

###### Guidance

1. The purpose of the Long-Term Insurance risk component of the Minimum Capital Requirement is to require an Insurer to set aside capital to address the risk that the net present value of future Policy Benefits will vary from the amounts recorded as Long-Term Insurance Liabilities in the Insurer's balance sheet.
2. The calculation model set out in Rule A4.12.1 deals separately with Direct Long-Term Insurance Business, with proportional and non-proportional reinsurance of Long-Term Insurance Business, and with finite risk reinsurance of Long-Term Insurance Business. ~~Because of the prohibition set out in COB Rule 2.2.2(1)(a), all Long-Term Insurance Business of an Insurer is reinsurance, unless Direct Long-Term Insurance Business is carried on by a DIFC Incorporated Insurer from an establishment outside the DIFC.~~

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