
WAIVER AND MODIFICATION NOTICE

To	Dubai Holding Insurance Services PCC Limited
Address	c/o Marsh Management Services (Dubai) Limited Level 13 Al Gurg Tower, Riggat Al Buteen, Deira, Dubai, UAE
DFSA Firm Reference No.	F000774
Notice No.	W128/2009

THE DFSA HEREBY GIVES NOTICE THAT:

1. The Rules specified in Table A herein do not apply to the above mentioned Person.

AND

2. The Rules specified in the left hand column of Table B herein do not apply to the above mentioned Person in the form appearing in the Rulebook but instead apply as modified in the right hand column of the table.

RULES WAIVED

TABLE A	
Rulebook Module	Rule
PIN	Rules A6.9.1 and A6.9.2

RULES MODIFIED

The Rules specified in the left hand column are modified to the extent shown in the right hand column of the table below. In this table, underlining indicates new text and striking through indicates deleted text, otherwise the Rule remains unaltered. Where a significant number of the paragraphs of the Rule remain un-altered the entire Rule may not be reproduced in the table. In such circumstances the un-altered parts of the Rule will be referred to by the relevant identifying paragraph number or letter, as the case may be.

TABLE B

Rule	Modified Text																														
PIN A4.4.1	<p>(1) An Insurer must calculate its default risk component as the sum of the amounts obtained by multiplying the value of each asset of the Insurer with the percentage applicable to that asset, as set out in the tables contained in this Rule and subject to the provisions of Rules A4.4.2, A4.4.5, A4.4.6 and A4.4.7.</p> <p>(a) Assets that are Invested Assets</p> <table border="1" data-bbox="393 688 1347 1415"> <thead> <tr> <th data-bbox="393 688 1166 722">Asset</th> <th data-bbox="1166 688 1347 722">%</th> </tr> </thead> <tbody> <tr> <td data-bbox="393 722 1166 793">(a) Bonds Rated 'AAA', issued by a Government or Government agency</td> <td data-bbox="1166 722 1347 793">0.0</td> </tr> <tr> <td data-bbox="393 793 1166 827">(b) Bonds not included in (a), Rated 'A' or better</td> <td data-bbox="1166 793 1347 827">0.4</td> </tr> <tr> <td data-bbox="393 827 1166 861">(c) Bonds Rated 'BBB'</td> <td data-bbox="1166 827 1347 861">3.3</td> </tr> <tr> <td data-bbox="393 861 1166 894">(d) Bonds Rated 'BB'</td> <td data-bbox="1166 861 1347 894">7.5</td> </tr> <tr> <td data-bbox="393 894 1166 928">(e) Bonds Rated 'B'</td> <td data-bbox="1166 894 1347 928">13.7</td> </tr> <tr> <td data-bbox="393 928 1166 961">(f) Bonds Rated 'CCC'</td> <td data-bbox="1166 928 1347 961">20.2</td> </tr> <tr> <td data-bbox="393 961 1166 995">(g) Other Rated bonds</td> <td data-bbox="1166 961 1347 995">30.0</td> </tr> <tr> <td data-bbox="393 995 1166 1029">(h) Secured loans – performing</td> <td data-bbox="1166 995 1347 1029">2.0</td> </tr> <tr> <td data-bbox="393 1029 1166 1062">(i) Secured loans – Non-Performing</td> <td data-bbox="1166 1029 1347 1062">14.0</td> </tr> <tr> <td data-bbox="393 1062 1166 1171">(j) Loans to directors of the Insurer or to directors of Related parties, or to the dependent relatives of such directors</td> <td data-bbox="1166 1062 1347 1171">100.0</td> </tr> <tr> <td data-bbox="393 1171 1166 1243">(k) Unsecured loans to employees (except loans of less than \$1,000)</td> <td data-bbox="1166 1171 1347 1243">100.0</td> </tr> <tr> <td data-bbox="393 1243 1166 1276">(l) Other bonds and loans</td> <td data-bbox="1166 1243 1347 1276">50.0</td> </tr> <tr> <td data-bbox="393 1276 1166 1348">(m) <u>qualifying intra-group loans</u></td> <td data-bbox="1166 1276 1347 1348"><u>See note (1)</u></td> </tr> <tr> <td data-bbox="393 1348 1166 1415">(n) <u>rated money market funds</u></td> <td data-bbox="1166 1348 1347 1415"><u>See note (2)</u></td> </tr> </tbody> </table> <p data-bbox="393 1415 1166 1583"><u>Note 1: The percentage for a qualifying intra-group loan is determined by the credit rating of the borrowing company. The loan is to be accorded the same percentage as the equivalent rated bond under (a)-(f).</u></p> <p data-bbox="393 1617 1166 1751"><u>Note 2: A rated money market fund instrument (of 12 months or less duration) is to be accorded the same percentage as the equivalent rated bond under (a)-(f).</u></p> <p>(b) Assets that are not Invested Assets</p>	Asset	%	(a) Bonds Rated 'AAA', issued by a Government or Government agency	0.0	(b) Bonds not included in (a), Rated 'A' or better	0.4	(c) Bonds Rated 'BBB'	3.3	(d) Bonds Rated 'BB'	7.5	(e) Bonds Rated 'B'	13.7	(f) Bonds Rated 'CCC'	20.2	(g) Other Rated bonds	30.0	(h) Secured loans – performing	2.0	(i) Secured loans – Non-Performing	14.0	(j) Loans to directors of the Insurer or to directors of Related parties, or to the dependent relatives of such directors	100.0	(k) Unsecured loans to employees (except loans of less than \$1,000)	100.0	(l) Other bonds and loans	50.0	(m) <u>qualifying intra-group loans</u>	<u>See note (1)</u>	(n) <u>rated money market funds</u>	<u>See note (2)</u>
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	Asset	%																		
	(a) Reinsurance recoverable from:																			
	i. reinsurers Rated 'AAA'	0.5																		
	ii. reinsurers Rated 'AA'	1.2																		
	iii. reinsurers Rated 'A'	1.9																		
	iv. reinsurers Rated 'BBB'	4.7																		
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	vi. reinsurers Rated 'B'	23.8																		
	vii. reinsurers Rated 'CCC'	49.7																		
	viii. reinsurers Rated 'R'	50.0																		
	ix. other reinsurers	25.0																		
	(b) Other assets	3.0																		
	<p>(2) <u>For the purposes of this Rule and Rule A6.8.1, an intra-group loan is a "qualifying intra-group loan" where it meets all of the following criteria:</u></p> <p>(a) <u>the loan is made to a member of the Insurer's Group;</u></p> <p>(b) <u>the loan does not involve the \$50,000 Minimum Non-Cellular Capital Requirement under Rules A6.2.4 or the \$50,000 Minimum Cellular Capital Requirement under Rule A6.2.5;</u></p> <p>(c) <u>the loan repayment is for a limited period no longer than 12 months and no automatic rollover is permitted;</u></p> <p>(d) <u>the loan attracts a commercial rate of interest;</u></p> <p>(e) <u>the loan agreement contains a condition that the loan is repayable immediately on the instruction of the DFSA; and</u></p> <p>(f) <u>the loan has been approved by the DFSA for the purposes of this Rule.</u></p>																			
	<p>(3) <u>An Insurer must ensure that it holds the amounts referred to in (2)(a) as cash.</u></p>																			
PIN A4.5.1	<p>Subject to Rule A4.5.2, an Insurer must calculate its investment volatility risk component as the sum of the amounts obtained by multiplying the value of each Invested Asset with the relevant percentage applicable to that asset as set out in the following table.</p> <table border="1" style="width: 100%; margin-top: 10px;"> <thead> <tr> <th style="width: 15%;"></th> <th style="width: 65%; text-align: center;">Asset</th> <th style="width: 20%; text-align: center;">%</th> </tr> </thead> <tbody> <tr> <td>(a)</td> <td>All bonds up to 1 year to maturity</td> <td style="text-align: center;">1.0</td> </tr> <tr> <td>(b)</td> <td>Bonds between 1 and 2 years to maturity</td> <td style="text-align: center;">2.0</td> </tr> <tr> <td>(c)</td> <td>Bonds between 2 and 5 years to maturity</td> <td style="text-align: center;">4.0</td> </tr> <tr> <td>(d)</td> <td>Bonds between 5 and 10 years to maturity</td> <td style="text-align: center;">6.0</td> </tr> <tr> <td>(e)</td> <td>All other bonds</td> <td style="text-align: center;">8.0</td> </tr> </tbody> </table>			Asset	%	(a)	All bonds up to 1 year to maturity	1.0	(b)	Bonds between 1 and 2 years to maturity	2.0	(c)	Bonds between 2 and 5 years to maturity	4.0	(d)	Bonds between 5 and 10 years to maturity	6.0	(e)	All other bonds	8.0
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PIN A6.2.2	<p>Subject to Rules A6.2.4, A6.2.5, and A6.2.6, an Insurer must calculate its Minimum Segmental Capital Requirement according to the formula:</p> $\text{MSCR} = \text{DRC} + \text{IVRC} + \text{OARC} + \text{OLRC} + \text{CRC} + \text{SFAC} + \text{URC} + \text{RRC} + \text{LIRC} + \text{AMRC}$ <p>where:</p> <table border="1"> <thead> <tr> <th><u>Term</u></th> <th><u>Definition</u></th> </tr> </thead> <tbody> <tr> <td>MSCR</td> <td>Insurer's Minimum Segmental Capital Requirement;</td> </tr> <tr> <td>DRC</td> <td>Insurer's default risk component in respect of that segment;</td> </tr> <tr> <td>IVRC</td> <td>Insurer's investment volatility risk component in respect of that segment;</td> </tr> <tr> <td>OARC</td> <td>Insurer's off-balance sheet asset risk component in respect of that segment;</td> </tr> <tr> <td>OLRC</td> <td>Insurer's off-balance sheet liability risk component in respect of that segment;</td> </tr> <tr> <td>CRC</td> <td>Insurer's concentration risk component in respect of that segment;</td> </tr> <tr> <td>SFAC</td> <td>Insurer's size factor adjustment component in respect of that segment;</td> </tr> <tr> <td>URC</td> <td>Insurer's underwriting risk component in respect of that segment;</td> </tr> <tr> <td>RRC</td> <td>Insurer's reserving risk component in respect of that segment;</td> </tr> <tr> <td>LIRC</td> <td>Insurer's Long-Term Insurance risk component in respect of that segment;</td> </tr> <tr> <td>AMRC</td> <td>Insurer's asset management risk component in respect of that segment.</td> </tr> </tbody> </table>	<u>Term</u>	<u>Definition</u>	MSCR	Insurer's Minimum Segmental Capital Requirement;	DRC	Insurer's default risk component in respect of that segment;	IVRC	Insurer's investment volatility risk component in respect of that segment;	OARC	Insurer's off-balance sheet asset risk component in respect of that segment;	OLRC	Insurer's off-balance sheet liability risk component in respect of that segment;	CRC	Insurer's concentration risk component in respect of that segment;	SFAC	Insurer's size factor adjustment component in respect of that segment;	URC	Insurer's underwriting risk component in respect of that segment;	RRC	Insurer's reserving risk component in respect of that segment;	LIRC	Insurer's Long-Term Insurance risk component in respect of that segment;	AMRC	Insurer's asset management risk component in respect of that segment.
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PIN A6.8.1	An Insurer is required to calculate a concentration risk component in respect of a segment if the segment has, as at the Solvency Reference Date, an investment exposure to a single counterparty or group of Related counterparties, or to a single property, that exceeds 10% of the adjusted segmental capital resources <u>except to the extent that the investment exposure is:</u> (a) <u>a qualifying intra-group loan under Rule 4.4.1(2); or</u> (b) <u>cash held with a bank that is regulated by a central bank or other Financial Services Regulator</u>
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CONDITIONS

None

EFFECTIVE PERIOD

This notice comes into effect on the date of issue of this notice and remains in force until further notice.

INTERPRETATION

The provisions in this notice are to be construed in accordance with GEN section 6.2 as if these provisions are provisions of the Rulebook.

Defined terms are identified in this notice by the capitalisation of the initial letter of a word or of each word in a phrase and are defined in the Glossary (GLO). Unless the context otherwise requires, where capitalisation of the initial letter is not used, an expression has its natural meaning.

THIS NOTICE IS ISSUED UNDER ARTICLE 25 OF THE REGULATORY LAW 2004 BY:

Name : : Ian Johnston

Position : : Deputy Chief Executive

DATE OF ISSUE: : 28-June-2009