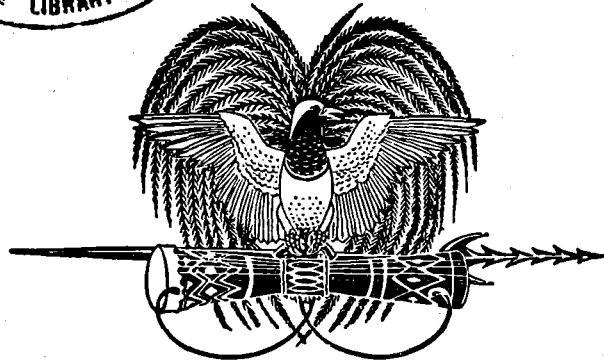




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No. G86] PORT MORESBY, THURSDAY, 26th OCTOBER [1978

Insurance Act 1974.

POLICY GUIDELINES UNDER SECTION 25 (AMENDMENT)

The following amendment to the guidelines within which the Commissioner shall operate in the exercise and performance of his powers and functions under Part III of the *Insurance Act 1974* have been laid down by the Head of State, acting on advice :-

1. - FINANCIAL REQUIREMENTS (AMENDMENT OF SECTION 2).

Section 2 of the Principal Guidelines is amended by omitting paragraph 2.1 and substituting -

"2.1. An applicant corporation shall be a statutory corporation or a public corporation."

2. - ADMINISTRATION OF APPLICANT CORPORATION (AMENDMENT OF SECTION 6).

Section 6 of the Principal Guidelines is amended by adding at the end thereof the following words :-

"and in accordance with Section 10".

Policy Guidelines under Section 25 (Amendment)—*continued*

3. - BROKERS (AMENDMENT OF SECTION 7).

Section 7 of the Principal Guidelines is amended by adding at the end thereof the following paragraphs :-

"7.2. A licensed broker -

- (a) shall place with a licensed insurer all insurance business transacted by him in respect of a risk situated in Papua New Guinea; and
- (b) may arrange and place re-insurance on behalf of a licensed insurer; and
- (c) shall not make any charge in respect of arranging or renewing insurance on behalf of an insured or prospective insured."

4. - NEW SECTIONS 7A AND 7B.

After Section 7 of the Principal Guidelines, the following part is inserted :-

"INVESTMENTS.

"7A. - INVESTMENTS - BROKERS.

7A. All moneys relating to insurance in Papua New Guinea that are available to licensed brokers for investment shall be held in Papua New Guinea in investments approved by the Minister.

*Insurance***"7B. - INVESTMENTS - INSURERS.**

7B.1. All moneys relating to insurance in Papua New Guinea that are available to licensed insurers for investment shall be held in Papua New Guinea in investments approved by the Minister.

"7B.2. Funds available for investment (not including the requirements of Section 26(1) of the Act) shall be not less than 40% of net premium income."

5. - NEW SECTIONS 10 AND 11.

The Principal Guidelines is amended by adding at the end thereof the following paragraphs :-

"PRINCIPAL OFFICE, ETC.**"10. - PRINCIPAL OFFICE, ETC.**

10.1. A licensed insurer or broker shall maintain a principal office in Papua New Guinea for the sole purpose of transacting insurance business.

"10.2. A licensed insurer or broker shall be represented in Papua New Guinea by a person who -

- (a) shall be appointed in writing by the head office of the licensed insurer or broker as the principal officer in Papua New Guinea; and
- (b) shall be employed to the satisfaction of the Commissioner solely for the purpose of transacting insurance business on behalf of the licensed insurer or broker by whom he was appointed; and
- (c) shall have, to the satisfaction of the Commissioner, a power of attorney sufficient to authorize him to act on behalf of the licensed insurer or broker to comply with the provisions of the Act; and
- (d) shall lodge with the Commissioner a copy of the power of attorney referred to in Subparagraph (c).

"10.3. The original records and documents relating to transactions of insurance business by a licensed insurer or broker shall be maintained and kept at the principal office referred to in Paragraph 10.1 for the purpose of compliance with the provisions of the Act.

"10.4. The provisions of this section do not apply to Lloyd's.

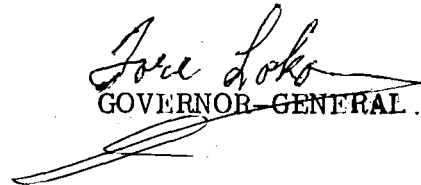
"POLICIES.**"11. - POLICIES.**

Every policy in respect of a proposal for insurance

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made to a licensed insurer shall be issued in Papua New Guinea by a licensed insurer."

DATED the 4th day of October, 1978.


GOVERNOR-GENERAL.