

ANNEX I
to the resolution amending the regulatory part of the Insurance Code applicable in
French Polynesia

Resolution Part

BOOK III – COMPANIES

TITLE II: ADMINISTRATIVE REGIME

CHAPTER I: APPROVAL OF INSURANCE COMPANIES

Article DEL 321-1

The administrative approval provided for in Article LP 321-1 is granted by the President of French Polynesia. For the purposes of granting this approval, insurance operations are classified into the following classes:

1. Accidents (including accidents at work and occupational diseases)
2. Illness
3. Land vehicles (other than railway vehicles)
4. Railway vehicles:
Any damage suffered by railway vehicles.
5. Aircraft:
Any damage suffered by aircraft.
6. Hull of sea, lake and river vehicles:
Any damage suffered by sea, lake and river vehicles.
7. Goods in transit (including goods, luggage and all other property):
Any damage suffered by goods in transit or luggage, regardless of the means of transport.
8. Fire and natural forces:
Any damage suffered by property (other than property included in classes 3, 4, 5, 6 and 7) when caused by fire, explosion, storm, natural forces other than storm, nuclear energy or subsidence.
9. Other damage to property: Any damage to property (other than property covered under classes 3, 4, 5, 6 and 7) when such damage is caused by hail or frost, as well as by any event, such as theft, other than those included in class 8.
10. Civil liability for motorised land vehicles:
Any liability resulting from the use of motorised land vehicles (including carrier liability).
11. Civil liability for aircraft:
Any liability resulting from the use of aircraft (including carrier liability).
12. Civil liability for sea, lake and river vessels:
Any liability resulting from the use of river, lake and sea vessels (including carrier liability).
13. General civil liability:
Any liability other than those mentioned in numbers 10, 11 and 12.
14. Credit
15. Surety
16. Miscellaneous financial losses
17. Legal protection
18. Assistance:

Assistance to persons in difficulty, particularly during travel.

20. Life-Death: Any operation involving commitments whose fulfilment depends on the duration of human life other than the activities referred to in classes 22 and 23.

21. Marriage-Birth: Any operation involving the payment of a lump sum in the event of marriage or the birth of children.

22. Insurance linked to investment funds:

All transactions involving commitments whose fulfilment depends on human life expectancy and which are linked to an investment fund.

23. Capitalisation:

Any transaction involving a call for savings for capitalisation purposes and involving, in exchange for single or periodic payments, direct or indirect, commitments that are determined in terms of their duration and amount.

Article DEL 321-2

Administrative approval is granted by class to the companies referred to in Article LP 310-2.

The President of French Polynesia shall restrict approval to one or more transactions if this is necessary to comply with the conditions set out in Article LP 321-3.

Article DEL 321-3

Any company obtaining administrative approval for a main risk belonging to a class mentioned in 1 to 18 of Article DEL 321-1 may also cover risks included in another class without administrative approval being required for these risks, provided that these risks are related to the main risk, concern the object covered against the main risk and are covered by the contract covering the main risk.

However, risks included in the classes referred to in 14, 15 and 17 of Article DEL 321-1 may not be considered ancillary to other classes.

Nevertheless, the risk covered by class 17 may be considered ancillary to class 18 where the conditions set out in the first paragraph are met and the main risk relates solely to assistance provided to persons in difficulty during travel or absence from their home or usual place of residence.

The same risk may also be considered ancillary under the same conditions when it concerns disputes or risks resulting from the use of seagoing vessels or related to such use.

Article DEL. 321-4

Companies authorised to operate in the classes mentioned in 20 and 22 of Article DEL 321-1 may be authorised to provide directly, as ancillary insurance forming part of a life insurance contract and in return for payment of a separate premium or contribution, supplementary insurance against the risks of bodily injury, including occupational incapacity, accidental death or disability as a result of accident or illness. In this case, the contract must specify that this supplementary cover shall terminate at the latest at the same time as the main cover.

Article DEL 321-5

Each activity carried out by an insurance company practising both the risks mentioned in 1° and 2° of Article LP 310-1 shall be managed separately, organised in such a way that life insurance activities and non-life insurance activities are separated.

Where a non-life insurance company has financial, commercial or administrative links with a life insurance company, French Polynesia shall ensure that the accounts of the companies concerned are not distorted by agreements between those companies or by any arrangement likely to influence the allocation of costs and income.

Article DEL 321-6

During the three financial years following the granting of the authorisation referred to in Article LP 321-1, the company must submit to the President of French Polynesia, for each half-year, a report on the implementation of the programme of activities referred to in the second paragraph of Article LP 321-3. However, for companies whose registered office is located in a State or territory appearing on the list provided for in the fifth paragraph of Article LP 321 2, this report shall be drawn up at the request of the President of French Polynesia.

If the company's activities do not comply with the programme of activities, French Polynesia shall take the necessary measures to protect the interests of the insured. Without prejudice to the implementation, where applicable, of the measures provided for in Sections II and III of Chapter II of Title II of this book, French Polynesia may enforce the provisions of Article LP 322-13.

Article DEL. 321-7

A company whose approvals have been revoked pursuant to Article LP 321-5 shall submit for approval by the President of French Polynesia, within one month of the date of publication in the Official Journal of French Polynesia of the last decision revoking its approvals, a liquidation programme specifying, in particular, the expected time frame and financial conditions for the liquidation, as well as the human and material resources to be used to manage the remaining commitments.

Where the management of residual commitments is delegated to a third party, the draft delegation contract and a file describing the quality of the delegatee and its managers, its organisation, its financial situation and the resources deployed shall be communicated to the President of French Polynesia, who may carry out all documentary and on-site checks on the delegatee until the commitments have been fully liquidated.

If the President of French Polynesia considers that the liquidation programme presented by the company is not in the interests of the insured, he shall not approve it and may request the presentation of a new programme, within the time limits and under the conditions he prescribes.

In the absence of a winding-up plan, or where the plan submitted has not been approved, or where the company fails to comply with the approved plan, French Polynesia shall take any measures provided for in Section II of Chapter II of Title II of this Book that it deems necessary; it may also exercise the sanctioning powers provided for in Section III of Chapter II of Title II of this Book.

CHAPTER II: SUPERVISION OF INSURANCE COMPANIES

Section I: Exercise of supervision

Article DEL 322-1

Persons subject to supervision must make available to the officers in charge of supervision, either at head office premises or, at their request, in branch offices, all documents required for supervision activities, as well as qualified staff to provide them with any information they deem necessary.

Article DEL 322-2

In the cases provided for in Article LP 322-3, the President of French Polynesia has a period of two months to oppose appointments or renewals. This period runs from the date of receipt of the complete notification file.

Where the President of French Polynesia intends to oppose the appointment or renewal, the competent administrative department shall notify the company and the individual concerned of the grounds justifying such opposition by registered letter with acknowledgment of receipt, or by hand delivery against receipt, and shall invite them to submit written observations within one month. The two-month period referred to in the preceding paragraph is then suspended until receipt of the aforementioned observations and, at the latest, until the expiry of the response period.

Article DEL 322-3

I. Where the President of French Polynesia decides to attach a penalty payment to an injunction, pursuant to Article LP 322-5, he shall do so by the same decision.

The daily amount of the penalty payment referred to in Article LP 322-5 may not exceed XPF 1,789,000.

II. This decision shall be notified to the person concerned by registered letter with acknowledgment of receipt, hand delivery against receipt, service by bailiff, or any other means ensuring proof of the date of receipt.

III. In the event of total or partial non-compliance or late compliance, the President of French Polynesia shall enforce the penalty payment he has ordered. The amount of the penalty shall be determined taking into account the conduct of the person concerned and the difficulties encountered in complying. The penalty shall not be enforced, or shall only be partially enforced, if it is established that the non-compliance or delay was due, in whole or in part, to external causes.

Section II: Administrative police measures

Article DEL 322-4

1° Where the President of French Polynesia contemplates adopting one of the measures provided for in Articles LP 322-9 to LP 322-11, he shall notify the person concerned of the proposed measures and the grounds that may justify them.

2° Where the President of French Polynesia considers that one of the measures provided for in Articles LP 322-9 to LP 322-11 should be adopted, the person concerned shall be informed of

the time limit—no less than five working days from the date of receipt—available to them to submit written observations. Before making a decision, the President of French Polynesia shall consider any observations submitted by the person concerned.

3° Where the President of French Polynesia considers that one of the measures provided for in Articles LP 322-10 and LP 322-11 should be adopted, the legal representative of the person concerned shall be summoned to be heard.

The summons must be received at least five working days before the date of the hearing. It shall specify the time limit, no less than five working days, within which the legal representative of the person concerned may submit written observations to the President of French Polynesia. It shall also indicate that the person concerned may be assisted or represented by persons of their choice.

4° If, in view of the urgency, the President of French Polynesia has decided without an adversarial procedure, he shall immediately initiate the adversarial procedure described in point 3°. A final decision shall be taken within three months.

Article DEL 322-5

Where the President of French Polynesia suspends, restricts or temporarily prohibits the free disposal of all or part of the assets of a person under his supervision, pursuant to Article LP 322-10(3°), he may order any issuing or depository company or institution to refuse to carry out any transactions involving accounts or securities belonging to the person concerned, as well as the payment of interest and dividends relating to such securities, or to make the execution of such transactions subject to the prior approval of a supervisor.

Article DEL 322-6

Where the authorisation of a company referred to in Article LP 310-2(2°) or (3°) is withdrawn by the supervisory authority of its registered office, the President of French Polynesia shall withdraw the authorisation previously granted to the company.

CHAPTER III: PRUDENTIAL RULES APPLICABLE TO INSURANCE COMPANIES

Section I: General principles

Article DEL 323-1

This Chapter applies to the companies referred to in point 1 of Article LP 310-2 and to the companies referred to in point 2 of the same Article that are established in a State or territory not included on the list provided for in Article LP 321-2. In the latter case, the rules apply only to the transactions carried out by the branch, and the obligations imposed on the board of directors or the managing director shall apply to the general agent.

Article DEL 323-2

The companies referred to in Article DEL 323-1 shall fall within the scope of the basic prudential regime if they meet the following conditions:

The companies referred to in Article DEL 323-1 shall fall within the scope of the basic prudential regime if they meet the following conditions:

1° The annual collection of gross premiums or contributions issued by the company is less than XPF 600,000,000 during at least one of the last three financial years;

2° The total amount of the company's technical provisions, as defined in Chapter IV of this Title, gross of reinsurance cessions or to securitisation vehicles, is less than XPF 3,000,000,000 during at least one of the last three financial years;

3° The company's business includes reinsurance operations which, during at least one of the last three financial years:

- do not exceed XPF 60,000,000 in gross premiums or contributions issued, or XPF 300,000,000 in technical provisions, as defined in Chapter IV of this Title, gross of reinsurance cessions or to securitisation vehicles;
- and represent less than 10% of its gross premiums or contributions issued or of its technical provisions, as defined in Chapter IV of this Title, gross of reinsurance cessions or to securitisation vehicles;

4° The company is not authorised for classes 10 to 15 referred to in Article DEL 321-1;

5° The company applies for authorisation referred to in Article LP 321-1 to carry out insurance activities for which the projected annual collection of gross premiums or contributions issued, or the gross amount of technical provisions, as defined in Chapter IV of this Title, gross of reinsurance cessions or to securitisation vehicles, will not exceed one of the amounts referred to in points 1° to 3° over the next five financial years;

6° The company does not belong to a group subject to the supervision of a partner supervisory authority.

Article DEL 323-3

The companies referred to in Article DEL 323-1 that do not fall within the scope of the basic prudential regime shall fall within the scope of the enhanced prudential regime.

Article DEL 323-4

Companies falling within the scope of the basic prudential regime are subject to the provisions of Section II of this Chapter.

Companies falling within the scope of the enhanced prudential regime are subject to the provisions of Section III of this Chapter.

Prudential rules are further specified, where necessary, by order adopted in the Council of Ministers.

Section II: Basic prudential regime

Subsection I – Representation of regulated liabilities

Article DEL 323-5

The regulated liabilities referred to in Article DEL 334-11 must, at all times, be represented by equivalent assets meeting the conditions laid down in this Subsection.

These assets must be located in French Polynesia.

Liabilities denominated in a given currency must be covered by congruent assets, i.e. denominated or realisable in that currency. However, companies may, up to 20% of their liabilities, refrain from covering them with congruent assets.

Article DEL 323-6

Pursuant to the provisions of Article DEL 323-5 and subject to the derogations provided for in this Section, the companies referred to in Article DEL 323-2 shall represent their regulated liabilities by the following assets:

A. - Securities and related instruments:

1° Bonds and other securities issued or guaranteed by a Member State of the Organisation for Economic Co-operation and Development (OECD), as well as securities issued by the Social Debt Redemption Fund established by Article 1 of Ordinance No. 96-50 of 24 January 1996; bonds issued or guaranteed by an international public body of which one or more Member States of the European Union are members; bonds issued or guaranteed by the local public authorities of a Member State of the OECD;

2° Securities and related instruments, other than those referred to in point 1°, traded on a recognised market, namely:

a) Bonds issued by a commercial company;

b) Bonds, units or shares issued by a financing entity governed by Subsection 5 of Section 2 of Chapter IV of Title I of Book II of the Monetary and Financial Code as applicable in French Polynesia, or by a foreign entity having an equivalent purpose;

c) Participatory securities;

3° Short-term negotiable debt securities with fixed or floating interest rates linked to standard interbank, money or bond market rates, issued by legal persons other than OECD Member States, having their registered office within the territory of those States, or by financing entities governed by Subsection 5 of Section 2 of Chapter IV of Title I of the Monetary and Financial Code as applicable in French Polynesia, whose securities are traded on a recognised market;

4° Medium-term negotiable debt securities meeting the conditions set by order of the Council of Ministers of French Polynesia, issued by legal persons other than OECD Member States, having their registered office within the territory of those States, and whose securities are traded on a recognised market;

5° Bonds, units or shares issued by a financing entity governed by Subsection 5 of Section 2 of Chapter IV of Title I of the Monetary and Financial Code as applicable in French Polynesia, in compliance with the rules set by order of the Council of Ministers;

6° Shares of open-ended investment companies (*sociétés d'investissement à capital variable*) and units of mutual funds falling under Section 1 or Paragraph 1 of Sub-section 1 of Section 2 of Chapter IV of Title I of Book II of the Monetary and Financial Code as applicable in French Polynesia, and whose purpose is limited to the management of a portfolio of securities referred to in items 1°, 2°, 3° and 4° of this Article;

7° Shares and other securities, traded on a recognised market, other than those referred to in 6°, 8°, 9°, 16° and 18°;

8° Shares of insurance, reinsurance, or capitalisation companies having their registered office in the territory of one of the OECD member States;

9° Shares of insurance, reinsurance, or capitalisation companies other than those referred to in 5°;

10° Securities and equivalent instruments other than those mentioned in 2°, 3°, 4°, 5°, 6°, 7°, 8°, 9°, 12°, 16°, 18° and 26° below:

a) Negotiable debt securities, bonds, shares, units and rights issued by commercial companies;

b) Negotiable debt securities, bonds, units or shares issued by a financing institution governed by Sub-section 5 of Section 2 of Chapter IV of Title I of Book II of the Monetary and Financial Code as applicable in French Polynesia;

11° Units of venture capital funds under Article L. 214-28 of the Monetary and Financial Code as applicable in French Polynesia, units of innovation mutual funds under Article L. 214-30 of the same Code, and units of local investment funds under Article L. 214-31 of the same Code;

12° Shares of open-ended investment companies and units of mutual funds under Articles L. 214-160 and L. 214-161 of the Monetary and Financial Code as applicable in French Polynesia, shares or units of collective investment schemes under Article L. 214-154 of the same Code other than those referred to in 15°, shares or units of companies for collective investment in transferable securities under Article L. 214-35 of the same Code in its version prior to 2 August 2003;

13° Units or shares of general-purpose professional funds referred to in Article R. 214-190 of the Monetary and Financial Code as applicable in French Polynesia;

14° Units or shares of alternative funds referred to in Article R. 214-186 of the Monetary and Financial Code as applicable in French Polynesia and of collective investment companies referred to in Paragraph III of Article L. 214-24 of the same Code;

15° Units or shares of specialised professional funds referred to in Article L. 214-154 of the Monetary and Financial Code as applicable in French Polynesia, complying with rules set by order of the Council of Ministers, with the exception of the seventh sub-paragraph of Paragraph II of said Article;

16° Shares of open-ended investment companies and units of mutual funds falling under Section 1 or Paragraph 1 of Sub-section 1 of Section 2 of Chapter IV of Title I of Book II of the Monetary and Financial Code as applicable in French Polynesia, other than those referred to in 6° and 11° to 15°;

Recognised markets referred to in 2°, 3°, 4° and 7° of this Article are the regulated markets of States parties to the European Economic Area Agreement or markets of third countries that are OECD members in regular operation. The competent authorities of these countries must have defined the operating conditions of the market, access to that market and admission to trading, and imposed compliance with reporting and transparency requirement.

B. - Real estate assets:

17° Real property rights relating to buildings located in the territory of an OECD member State and shares of forestry savings companies falling under Paragraph 4 of Sub-section 2 of Section 2 of Chapter IV of Title I of Book II of the Monetary and Financial Code as applicable in French Polynesia;

18° Units or shares of companies with an exclusively real estate purpose, units of civil companies with an exclusively landholding purpose, having their registered office in the territory of one of the OECD member States, under conditions set by order of the Council of Ministers;

19° Units or shares of real estate collective investment companies under Paragraph 3 of Sub-section 2 of Section 2 of Chapter IV of Title I of Book II of the Monetary and Financial Code as applicable in French Polynesia, other than those referred to in 22°;

20° Units or shares of professional real estate collective investment companies under Sub-paragraph 2 of Paragraph 1 of Sub-section 3 of Section 2 of Chapter IV of Title I of the Monetary and Financial Code as applicable in French Polynesia;

21° Units or shares of real estate collective investment companies referred to in Article R. 214-120 of the Monetary and Financial Code as applicable in French Polynesia, when exercising the exemption provided for in said Article of the same Code.

C. -Loans, deposits and equivalent securities:

22° Loans obtained or guaranteed by OECD member States, by local public authorities and public establishments of OECD member States;

23° Mortgage loans to natural or legal persons having their domicile or registered office in the territory of one of the OECD member States, under conditions set by order of the Council of Ministers;

24° Other loans or receivables representing loans granted to natural or legal persons domiciled or having their registered office in the territory of one of the OECD member States, under conditions set by order of the Council of Ministers;

25° Bonds, units or shares issued by a financing institution governed by Sub-section 5 of Section 2 of Chapter IV of Title I of the Monetary and Financial Code as applicable in French Polynesia, whose assets consist exclusively of bonds and loans meeting conditions set by order of the Council of Ministers;

26° Deposits with credit institutions authorized in French Polynesia, whose maturity must not exceed one year or whose notice of withdrawal must not exceed three months;

D. -Common provisions:

Accrued interest on the investments listed in this Article shall be treated as part of said investments.

When a forward financial instrument has been subscribed under the conditions defined in Article DEL 323-9 and is linked to a security or group of securities of the same nature among those referred to in Paragraph A of this Article, the premiums or discounts paid or received for the establishment of the instrument shall be treated as said security or group of securities of the same nature, within the limit of the unamortized portion, and, in the case of premiums or

discounts paid for over-the-counter transactions, up to the amount of guarantees received under conditions set by order of the Council of Ministers.

The assets representing technical provisions shall be valued net of debts incurred for the acquisition of said assets.

Assets pledged as security for a particular commitment are not admissible for the coverage of other commitments.

Article DEL 323-7

An order issued by the Council of Ministers shall determine the conditions under which other assets, in particular receivables from policyholders and reinsurers, may be admitted as representation of the regulated liabilities referred to in Article DEL 334-11.

Article DEL 323-8

The assets referred to in Articles DEL 323-6 and DEL 323-7 shall be admitted up to their balance-sheet value, subject to the limits or deductions set by order of the Council of Ministers for each asset or group of assets. Derogations from these limits or deductions may be granted on a case-by-case basis by order of the President of French Polynesia.

In all cases, the entirety of the assets admitted as representation of the regulated liabilities must demonstrate sufficient security, liquidity and profitability.

Article DEL 323-9

An insurance company may use a forward financial instrument within the meaning of Article L. 211-1 of the Monetary and Financial Code as applicable in French Polynesia, provided that such instrument enables, in line with the company's liabilities, an effective and prudent management of its investments, primarily aimed at maintaining their value or their yield.

Sub-section II – Solvency margin

Article DEL 323-10

The solvency margin of the companies referred to in Article DEL 323-2 shall consist, after deduction of losses, of the portion of acquisition costs not admitted as representation of regulated liabilities and of other intangible elements, of the following:

1. The paid-up share capital or the establishment fund set up; however, priority shares as defined in Article L. 228-11 of the Commercial Code as applicable in French Polynesia shall be admitted only if they meet the conditions set by the President of French Polynesia, in particular with regard to the financial rights attached and the corresponding payments, which must be capable of being suspended and, in such a case, shall not be carried forward to a subsequent financial year;
2. Reserves of any designation, statutory or free, not corresponding to liabilities;
3. The carry-forward of profit, surplus, or loss, less dividends payable in respect of the last financial year;

4. Loans contracted for supplementary social funds or for development funds; however, once half of the term of a loan has elapsed, such loan is only included in the solvency margin at a value reduced annually by a constant amount equal to twice the total amount of the loan divided by the number of years of its duration.

II- The solvency margin may also consist of funds actually received from the issue of subordinated securities or loans, as well as preference shares as defined in Article L. 228-11 of the French Commercial Code as applicable in French Polynesia, other than those of a non-cumulative nature referred to in paragraph I (1);

These securities, subordinated loans, and preference shares must satisfy conditions, in particular relating to duration and repayment, laid down by order of the Council of Ministers. Such funds are eligible up to 50% of the solvency margin requirement or of the solvency margin, whichever is lower. However, the recognition of those funds deriving from fixed-term securities or loans is limited to 25% of such margin. Any irregular repayment may, in accordance with Chapter II of this Title, give rise to regulatory or sanction measures;

III- At the request of the company, duly justified, and with the approval of the President of French Polynesia, the solvency margin may also consist of:

1. Half of the unpaid portion of the share capital or of the balance outstanding on the establishment fund loan, once the paid-up portion reaches 25% of such capital or fund, up to 50% of the solvency margin or of the minimum solvency margin requirement, whichever is lower, for insurance companies governed by this Code;

2. Additional calls for contributions which mutual insurance companies or mutual societies and unions governed by the regulations applicable to mutuals may require of their members, up to half of the difference between the maximum contributions and the contributions actually called, limited to 50% of the solvency margin or of the minimum solvency margin requirement, whichever is lower;

3. Capital gains which may result from the undervaluation of assets or the overvaluation of liabilities, insofar as such capital gains are not of an exceptional nature;

IV- The solvency margin is reduced by the following:

a) Own shares held directly by the insurance company;

b) Holdings held by the insurance company in a credit institution, a finance company, an investment firm, a portfolio management company, or another financial institution;

c) Subordinated receivables which the insurance company holds on the entities referred to under b) in which it has a holding;

d) Mutual or parity certificates issued and held directly by the insurance company;

e) Unprovisioned latent capital losses on forward financial instruments.

However, the items referred to in b) and c) need not be deducted where the holdings are held temporarily with a view to providing financial support to those entities.

V- Where the President of French Polynesia considers that the assessment of the carry-forward of profit, surplus, or loss referred to in I (3) is likely to be distorted by the existence of a finite reinsurance contract entered into by the company, he may restrict recognition of such carry-forward, in order to include expected future charges under that contract. Where applicable, the

solvency margin is adjusted at the expiry of the finite reinsurance contract, according to the cumulative carry-forward actually recorded.

Article DEL 323-11

The solvency margin requirement of the companies referred to in Article DEL 323-2 shall be the sum of the requirements calculated in accordance with Articles DEL 323-12 and DEL 323-13, and shall not be less than the following absolute minimums:

- XPF 260,000,000 for companies authorised for classes 1 to 18;
- XPF 380,000,000 for companies authorised for classes 20 to 23.

This minimum does not apply to mutuals which simultaneously meet the following conditions:

- a) Their statutes provide for the possibility of supplementary contribution calls;
- b) They do not underwrite civil liability risks, unless such risks are an ancillary cover under the conditions laid down in Article DEL 321-3, nor risks falling within classes 14 and 15 of Article DEL 321-1 of this Code;
- c) The annual amount of contributions issued, including ancillary charges and net of cancellations, does not exceed XPF 700,000,000;
- d) At least half of their contributions are paid by natural persons.

Article DEL. 323-12

For companies referred to in Article DEL 323-2, the solvency margin requirement relating to the operations mentioned in points 2° and 3° of Article LP 310-1 is determined either based on the annual amount of premiums or contributions, or on the average annual claims burden. This solvency margin requirement is equal to the higher of the results obtained by applying the two following methods:

- a) First method (calculation based on premiums).

The premium base is calculated from the gross premiums or contributions issued or the gross premiums or contributions earned, whichever is higher. The premiums or contributions, net of cancellations and taxes, for classes 11, 12 and 13 listed in Article DEL 321-1 are increased by 50%. The premiums or contributions issued for direct business during the last financial year, including ancillary items, are aggregated. The total of premiums accepted in reinsurance during the last financial year is added to this amount.

From this sum, on the one hand, the total amount of premiums or contributions cancelled during the last financial year, and, on the other hand, the total amount of duties and taxes relating to the aforementioned premiums or contributions, are deducted.

The resulting amount is multiplied by 18%.

The result determined by application of the first method shall be calculated by multiplying the amount obtained in the preceding paragraph by the ratio, calculated over the last three financial years, between the amount of claims borne by the company after cession in reinsurance and the amount of claims gross of reinsurance, provided that this ratio shall not be less than 50%.

By order of the Council of Ministers, statistical methods may be used for the allocation of premiums or contributions.

b) Second method (calculation based on average annual claims burden).

To the total amount of claims paid in respect of direct business during the last three financial years, without deduction of claims borne by ceding and retroceding companies, shall be added, on the one hand, claims paid in respect of reinsurance or retrocession acceptances during the same financial years, and, on the other hand, provisions for claims outstanding established at the end of the last financial year, both for direct business and for reinsurance acceptances.

For classes 11, 12 and 13 listed in Article DEL 321-1, claims, provisions and recoveries shall be increased by 50%.

From this sum shall be deducted, on the one hand, recoveries collected during the last three financial years, and, on the other hand, provisions for claims outstanding established at the beginning of the second financial year preceding the last financial year, both for direct business and for reinsurance acceptances.

One third of the amount thus obtained shall be multiplied by 26%.

The result determined by application of the second method shall be calculated by multiplying the amount obtained in the preceding paragraph by the ratio, calculated over the last three financial years, between the amount of claims borne by the company after cession in reinsurance and the amount of claims gross of reinsurance, provided that this ratio shall not be less than 50%.

For the class mentioned in point 18 of Article DEL 321-1, the amount of claims paid used in the calculation of the result under the second method is the cost incurred by the company for assistance interventions, including internal direct assistance costs.

If the calculations under a) and b) result in an amount lower than the solvency margin requirement of the previous financial year, the solvency margin requirement shall be at least equal to that of the previous financial year multiplied by the ratio between the technical provisions for claims payable at the end of the last financial year and the amount of technical provisions for claims payable at the beginning of the last financial year. In these calculations, technical provisions are calculated net of reinsurance, and this ratio may not exceed one.

Furthermore, for the consideration of limited financial reinsurance in the reinsurance ratio mentioned in the last paragraph of a) and b), French Polynesia relies on the effective transfer of risk.

Upon request and justification by the company to the President of French Polynesia, and by decision of the latter, amounts recoverable in respect of risks transferred to a securitisation vehicle may be treated as reinsurance cessions for the calculation of the ratio mentioned in the last paragraph of a) and in the last paragraph of b).

French Polynesia takes into account the effective transfer of risk to assess the extent of the reduction in solvency margin requirement authorised for each transaction carried out with a securitisation vehicle. It also considers the vehicle's ability to meet its obligations at all times.

Article DEL 323-13

For companies referred to in Article DEL 323-2, the solvency margin requirement relating to the operations mentioned in point 1° of Article LP 310-1 is determined, depending on the classes operated, in accordance with the following provisions:

a) For class 20 referred to in Article DEL 321-1, with the exception of supplementary insurance or guarantees, the margin requirement shall be calculated with reference to the mathematical and management provisions and the capital at risk. This amount shall be equal to the sum of the following two results:

The first result is obtained by multiplying a figure representing 4% of the sum of the provisions referred to in the first paragraph, relating to direct insurance operations without deduction of reinsurance cessions and to inward reinsurance, by the ratio, for the last financial year, between the amount of the mathematical provisions after reinsurance cessions and the amount of the gross mathematical provisions before reinsurance, such ratio not being less than 85%.

The second result is obtained by multiplying a figure representing 0.3% of the capital at risk by the ratio, for the last financial year, between the amount of capital at risk after reinsurance cessions and retrocessions and the gross capital at risk before reinsurance, such ratio not being less than 50%.

For term life insurance in the event of death with a maximum duration of three years, the multiplier of the capital at risk shall be 0.1%. It shall be set at 0.15% of such capital for term life insurance in the event of death where the duration is more than three years but does not exceed five years.

The capital at risk shall be equal to the death risk, minus the mathematical provision of the main risk;

b) For supplementary insurance or guarantees attached to contracts involving commitments arising from transactions classified under classes 20 and 22, the margin requirement shall be equal to the solvency margin requirement for insurance companies as provided for in Article DEL 323-12;

For class 23 referred to in Article DEL 321-1, with the exception of capitalisation operations denominated in units of account, the minimum margin requirement shall be equal to the result obtained by multiplying a figure representing 4% of the technical provisions relating to direct insurance operations and gross reinsurance acceptances by the ratio referred to in the first result defined under a);

c) For class 22 referred to in Article DEL 321-1, with the exception of supplementary insurance or guarantees, and for class 23 referred to in Article DEL 321-1, where the capitalisation operations are denominated in units of account, the margin requirement shall be equal to:

1. Where the company bears an investment risk, a figure representing 4% of the technical provisions relating to direct insurance operations and gross reinsurance acceptances multiplied by the ratio referred to in the first result defined under a);

2. Where the company does not bear an investment risk, a figure representing 1% of the technical provisions of the contracts multiplied by the ratio referred to in the first result defined under a), provided that the amount intended to cover the management costs provided for in these contracts is fixed for a period exceeding five years;

3. Where the company bears a mortality risk, the amount of the margin requirement shall be obtained by adding to one or other of the results determined by application of the provisions of the three preceding paragraphs a figure representing 0.3% of the capital at risk, multiplied by the ratio, for the last financial year, between the amount of the capital at risk after reinsurance

cessions and retrocessions and the gross capital at risk before reinsurance, such ratio not being less than 50%;

Furthermore, for the consideration of limited financial reinsurance in the reinsurance ratio mentioned in the second and third paragraphs of point a), French Polynesia relies on the effective transfer of risk.

Upon request and justification by the company to French Polynesia, and by decision of its President, amounts recoverable in respect of risks transferred to a securitisation vehicle may be treated as reinsurance cessions for the calculation of the ratio mentioned in the second and third paragraphs of point a).

The President of French Polynesia takes into account the effective transfer of risk to assess the extent of the reduction in solvency margin requirement authorised for each transaction carried out with a securitisation vehicle. He also considers the vehicle's ability to meet its obligations at all times.

Article DEL 323-14

I. - The President of French Polynesia may require an insurance company to maintain an increased solvency margin, higher than the margin requirement referred to, as the case may be, in Article DEL 323-12 or Article DEL 323-13. However, the increased solvency margin requirement may not exceed twice the margin requirement referred to in Articles DEL 323-12 or DEL 323-13.

II. - The President of French Polynesia may restrict the reduction of the solvency margin provided for in the fourth paragraphs of points a) and b) of Articles DEL 323-12 and DEL 323-13 where:

1° The content or quality of the reinsurance programme has undergone significant changes since the last financial year; or

2° The reinsurance programme provides for no risk transfer or only an insignificant transfer.

III. - Where it is established that the components of an insurance company's solvency margin have decreased by at least 33% during the most recent financial year closed, compared with the average of such components over the four financial years preceding that year, or where it is considered that unrealised losses on investments pose a solvency risk, the President of French Polynesia may:

1° Require the company to deduct from the components of the solvency margin all or part of the amount of the overall net unrealised loss recorded on the investments referred to in Article DEL 334-15;

2° Require the company to deduct all or part of the amount of the overall net unrealised loss recorded on the assets referred to in Article DEL 334-16 and not covered by the provision for liability risk; or

3° Appropriately implement a combination of the above measures.

Subsection III – Governance

Article DEL 323-15

Companies referred to in Article DEL 323-2 are required to implement a permanent internal control system.

The board of directors or supervisory board shall approve, at least once a year, a report on internal control, which is submitted to the President of French Polynesia.

It shall also set, at least annually, the investment policy guidelines and the reinsurance policy guidelines.

At the end of each financial year, the board of directors or the management board shall prepare a written solvency report, the content of which is determined by the Council of Ministers. This report outlines the conditions under which the company ensures, through the establishment of adequate technical provisions—whose calculation methods and underlying assumptions are explained and justified—the commitments it makes to policyholders or reinsured companies. It also recalls the investment policy guidelines, presents and analyses the results achieved, and indicates whether the solvency margin has been established in accordance with applicable regulations. The solvency report must include an analysis of the company's ability to meet all its commitments in the medium and long term.

The solvency report mentioned above is submitted to the statutory auditors and to the President of French Polynesia.

Article DEL 323-16

The internal control report shall detail, in its first part, the conditions for the preparation and organisation of the work of the board of directors or supervisory board and, where applicable, any limitations imposed by the board of directors on the powers of the managing director in the performance of their duties.

The second part of the report shall detail:

- a) The objectives, methodology, position, and general organisation of internal control within the company, the measures taken to ensure its independence and effectiveness, particularly the competence and experience of the teams responsible for its implementation, and the follow-up given to recommendations made by internal control bodies or individuals;
- b) The procedures in place to verify that the company's activities are conducted in accordance with the policies and strategies established by the governing bodies, and that insurance or reinsurance operations comply with legal and regulatory provisions;
- c) The methods used to measure, assess, and control investments, particularly regarding asset quality, asset-liability management, monitoring of forward financial instruments, and evaluation of the performance and margins of financial intermediaries used;
- d) The internal control system for investment management, including the internal allocation of responsibilities among staff, ensuring that those executing transactions are not also responsible for monitoring them, delegation of authority, information dissemination, and internal control or audit procedures;
- e) The procedures and systems for identifying, assessing, managing, and controlling risks related to the company's commitments and for holding sufficient capital to cover these risks, as well as the methods used to verify compliance with the company's policies on risk

acceptance and pricing, reinsurance cessions, and provisioning of regulated liabilities, as defined in the solvency report referred to in Article DEL 323-7;

f) The measures taken to monitor claims management, subsidiaries, outsourced activities, and product distribution methods, along with the associated risks.

Article DEL 323-17

The board of directors or supervisory board shall deliberate on the investment policy guidelines based on the solvency report referred to in Article DEL 323-15. This report, in a separate section on investments, presents the results obtained for each portfolio and each category of investment, details the transactions referred to in Article DEL 323-9 carried out during the reporting period, and sets limits for market, counterparty, and liquidity risks for future transactions.

It shall also decide on the selection criteria for financial intermediaries, asset-liability management, asset quality, and forward financial instrument transactions.

Article DEL 323-18

When an insurance company uses forward financial instruments for the first time, it must inform French Polynesia in advance.

Article DEL 323-19

The company shall continuously monitor the transactions referred to in Article DEL 323-9. To this end, it shall maintain a daily record of positions taken for each category of underlying investment, by maturity.

The monitoring system must allow:

- a) Immediate valuation of realisable values;
- b) Compliance at all times with the internal limits referred to in Article DEL 333-17;
- c) Continuous control of compliance by managers with these limits and with the internal procedures necessary to fulfil the provisions of this article.

Article DEL 323-20

The board of directors or supervisory board shall deliberate on the reinsurance policy guidelines based on the solvency report referred to in Article DEL 323-15, which, in a separate section on reinsurance, describes:

- a) The company's reinsurance cession strategy, particularly regarding the nature and level of protection sought and the selection of reinsurers;
- b) The qualitative and quantitative criteria used by the company to ensure that its reinsurance cessions are appropriate for the risks underwritten;
- c) The reinsurance policy guidelines for risks to be underwritten in the financial year following the last closed year, as well as the main reinsurance cessions;
- d) The organisation of the definition, implementation, and monitoring of the reinsurance programme;

e) The analysis and monitoring methods used by the company regarding counterparty risk related to its reinsurance cessions, and the conclusions drawn from these methods.

Section III – Enhanced Prudential Regime, Subsection I – Valuation of Prudential Assets and Liabilities

Article DEL 323-21

Companies referred to in Article DEL 323-3 shall value their prudential assets and liabilities as follows:

1° Prudential assets are valued at the amount for which they could be exchanged in a transaction conducted under normal competitive conditions between informed and willing parties;

2° Prudential liabilities are valued at the amount for which they could be transferred or settled in a transaction conducted under normal competitive conditions between informed and willing parties. When valuing these prudential liabilities, no adjustment is made to reflect the company's own credit standing.

An order adopted by the Council of Ministers shall specify the valuation methods and assumptions to be used for the application of this article.

Article DEL 323-22

Companies referred to in Article DEL 323-3 shall establish prudential technical provisions for all their commitments to policyholders, contract beneficiaries, and reinsured companies.

The value of the prudential technical provisions, assessed in accordance with Article DEL 323-21, corresponds to the present amount that companies would have to pay if they were to immediately transfer their commitments to another entity authorised to carry out insurance operations.

The calculation of prudential technical provisions uses information provided by financial markets and generally available data on underwriting risks, in a manner consistent with such information and data.

Prudential technical provisions must be calculated in a prudent, reliable, and objective manner. This calculation may include a matching adjustment or a volatility adjustment.

Article DEL 323-23

I.- The value of the prudential technical provisions referred to in Article DEL 323-22 is equal to the sum of the best estimate and the risk margin.

II.- The best estimate corresponds to the probability-weighted average of future cash flows, taking into account the time value of money, estimated using the relevant risk-free interest rate curve—i.e., the expected present value of future cash flows.

The calculation of the best estimate is based on up-to-date and credible information, realistic assumptions, and appropriate, applicable, and relevant actuarial and statistical methods.

The cash flow projection used in the best estimate calculation takes into account all cash inflows and outflows required to meet insurance and reinsurance obligations over their full duration.

The best estimate is calculated gross, without deducting receivables arising from reinsurance contracts and securitisation vehicles. The amount of these receivables is calculated separately.

The set of contracts giving rise to the above-mentioned obligations is defined in Article 17 of Commission Delegated Regulation (EU) No. 2015/35 of 10 October 2014, as in force on 1 January 2026. The boundaries of these contracts are defined in Article 18 of the same regulation.

Requirements concerning data quality and the conditions under which approximations are permitted are defined in Articles 19 to 21 of the same regulation.

The assumptions to be used for calculating prudential technical provisions are defined in Articles 22 to 26, and the cash flow projection methods in Articles 28 to 36.

The relevant risk-free interest rate curve is defined in Articles 43 to 61 of the same regulation.

III.- The risk margin is calculated to ensure that the value of the prudential technical provisions referred to in Article DEL 323-22 is equivalent to the amount that an authorised insurance company would require to take over and fulfil the insurance and reinsurance obligations.

IV.- Insurance companies shall carry out a separate assessment of the best estimate and the risk margin.

Insurance companies shall carry out a separate assessment of the best estimate and the risk margin.

However, where future cash flows related to insurance and reinsurance obligations can be reliably replicated using financial instruments with observable and reliable market values, the value of the prudential technical provisions related to those cash flows is determined using the market value of those instruments. In such cases, a separate calculation of the best estimate and the risk margin is not required.

Article 40 of the Delegated Regulation (EU) No. 2015/35 specifies the circumstances under which a separate calculation is not necessary.

When performing a separate assessment, insurance and reinsurance companies calculate the risk margin by determining the cost of holding an amount of eligible own funds equal to the Solvency Capital Requirement (SCR) necessary to meet their obligations over their full duration. For this purpose, the SCR does not include any additional capital requirements imposed by French Polynesia under Article DEL 323-29.

The cost-of-capital rate is the rate used to determine the cost of holding this amount of eligible own funds. This rate is the same for all insurance companies and is reviewed periodically.

The cost-of-capital rate is equal to the additional rate, added to the relevant risk-free interest rate, that a company would bear for holding eligible own funds equal to the SCR needed to meet its insurance and reinsurance obligations over their full duration.

The cost-of-capital rate is set out in Article 39 of the Delegated Regulation (EU) No. 2015/35.

The methods for calculating the risk margin are defined in Articles 37 and 38, and the simplification methods and conditions for their use are defined in Articles 56 to 61 of the same regulation.

Subsection II – Solvency Margin

Article DEL 323-24

The solvency margin of companies referred to in Article DEL 323-3 consists of prudential own funds, which are the sum of basic own funds and ancillary own funds, determined in accordance with the provisions of the following articles.

Article DEL 323-25

The basic own funds referred to in Article DEL 323-24 consist of the following elements:

1° The excess of assets over prudential liabilities, valued in accordance with Subsections I and II of this chapter;

2° Subordinated liabilities.

The excess mentioned in point 1° is reduced by the amount of the company's own shares held by the insurance company.

Article DEL 323-26

The ancillary own funds referred to in Article DEL 323-24 consist of elements, other than basic own funds, that can be called upon to absorb losses.

Ancillary own funds may include the following, provided they are not classified as basic own funds:

- a) The unpaid portion of share capital or the initial fund that has not yet been called;
- b) Letters of credit and guarantees;
- c) Any other legally binding commitment received by insurance and reinsurance companies.

Once an ancillary own fund item has been paid or called, it is treated as a prudential asset within the meaning of Article DEL 323-21 and ceases to be considered part of the ancillary own funds.

Article DEL 323-27

The amounts of ancillary own fund items to be taken into account for determining prudential own funds under Article DEL 323-24 are subject to prior approval by the President of French Polynesia.

The amount assigned to each ancillary own fund item must reflect its loss-absorbing capacity and be based on prudent and realistic assumptions. Where a fixed nominal value is attached to an ancillary own fund item, its amount is equal to its nominal value, provided that this value appropriately reflects its loss-absorbing capacity.

Article DEL 323-28

The solvency margin of companies referred to in Article DEL 323-3 must exceed the Solvency Capital Requirement (SCR), calculated as follows:

- 1° The calculation is based on the assumption of the company's ongoing operation;

2° The SCR is calibrated to ensure that all quantifiable risks to which the insurance or reinsurance company is exposed are taken into account. It covers both the existing portfolio and the new business expected to be underwritten over the next twelve months. For the existing portfolio, it covers only unexpected losses.

The SCR corresponds to the Value-at-Risk (VaR) of the company's basic own funds, with a 99.5% confidence level over a one-year horizon;

3° The SCR must cover at least the following risks:

- a) Non-life underwriting risk;
- b) Life underwriting risk;
- c) Health underwriting risk;
- d) Market risk;
- e) Credit risk;
- f) Operational risk, which includes legal risks but excludes risks resulting from strategic decisions and reputational risks;

4° When calculating their SCR, insurance companies must take into account the impact of risk mitigation techniques, provided that credit risk and other risks inherent in the use of such techniques are adequately reflected in the SCR.

The calculation is carried out using the standard formula defined in Chapter V, Title I of Commission Delegated Regulation (EU) No. 2015/35 of 10 October 2014, as in force on 1 January 2026.

Article DEL 323-29

I. - The President of French Polynesia may, by reasoned decision, impose an additional capital requirement on insurance companies in any of the following exceptional circumstances, where it is concluded from the supervisory process that:

1° The company's risk profile deviates significantly from the assumptions underlying the calculation of the SCR using the standard formula referred to in Article DEL 323-28;

2° The company's governance system deviates significantly from the standards set out in Articles DEL 323-34 to DEL 323-37, such that the company is unable to adequately identify, measure, monitor, manage, and report the risks to which it is or could be exposed, and the application of other measures would not sufficiently and promptly remedy the deficiencies identified;

3° The risk profile of a company applying the matching adjustment or volatility adjustment referred to in Article DEL 323-22 deviates significantly from the assumptions underlying those adjustments.

The SCR, increased by the additional capital requirement imposed, replaces the inadequate SCR.

II. - Decisions taken by the President of French Polynesia under paragraph I are subject to the adversarial procedure provided for in Article LP 322-12.

Article DEL 323-30

Insurance companies referred to in Article DEL 323-3 hold eligible basic own funds covering the minimum capital requirement, which is equal to the absolute minimum solvency margin determined in accordance with Article DEL 323-11.

Article DEL 323-31

Where the companies referred to in Article DEL 323-3 no longer hold sufficient eligible own funds to cover their solvency capital requirement or their minimum capital requirement, distributions relating to certain own fund items are subject to restrictions by decision of the President of French Polynesia. Depending on the own fund item concerned, these restrictions may consist of either a prohibition or a deferral of such distributions. These restrictions also apply where the failure to cover the solvency capital requirement or the minimum capital requirement is caused by such distributions.

Any provision stipulating that the non-payment of distributions, resulting in particular from the application of the restrictions referred to in the first paragraph, shall be deemed to constitute an event of default, shall be regarded as void..

Subsection III – Investments

Article DEL 323-32

Insurance companies referred to in Article DEL 323-3 shall invest all their assets in accordance with the “prudent person” principle under conditions defined by this Code.

Article DEL 323-33

I. - For the entire asset portfolio, insurance companies shall invest only in assets and instruments whose risks they can adequately identify, measure, monitor, manage, control, and report, and which they can appropriately take into account in the assessment of their overall solvency needs in accordance with Article DEL 323-37.

All assets shall be invested in a manner that ensures the security, quality, liquidity, and profitability of the entire portfolio. Furthermore, the location of these assets must ensure their availability.

Assets held to cover the prudential technical provisions referred to in Article DEL 323-22 shall also be invested in a manner appropriate to the nature and duration of the insurance and reinsurance liabilities. These assets shall be invested in the best interests of all policyholders, subscribers, and beneficiaries of the contracts, taking into account any objectives related to the company’s published investment policy.

In the event of a conflict of interest, insurance companies or entities managing their asset portfolios shall ensure that investments are made in the best interests of policyholders, subscribers, and beneficiaries of the contracts.

II. - Where the benefits under a life insurance contract or a variable capital capitalisation contract include a financial performance guarantee or any other guaranteed benefit, the assets held to cover the additional prudential technical provisions referred to in Article DEL 323-22 shall be subject to the provisions of Section III.

III. - Without prejudice to the provisions of Section I, for assets other than those covered by Section II, the second to fifth paragraphs of this Section III shall apply.

The use of derivative instruments is permitted insofar as they contribute to risk reduction or facilitate efficient portfolio management.

Investments and assets not admitted to trading on a regulated financial market shall be maintained at prudent levels.

Assets shall be appropriately diversified to avoid excessive reliance on a single asset, issuer, group of companies, or geographical area, and to prevent excessive accumulation of risks within the portfolio.

Investments in assets issued by the same issuer or by issuers belonging to the same group shall not expose insurance companies to an excessive concentration of risks.

Subsection IV – Governance

Article DEL 323-34

Insurance companies shall establish a governance system that ensures sound and prudent management of their activities and is subject to regular internal review. This governance system is based on a clear separation of responsibilities and includes an effective information transmission framework. It is proportionate to the nature, scale, and complexity of the company's operations.

This governance system includes the following key functions: risk management, compliance verification, internal audit, and actuarial function.

Companies shall develop written policies relating, at a minimum, to risk management, internal control, internal audit, and, where applicable, outsourcing. They shall ensure these policies are implemented.

Companies shall make arrangements to ensure continuity and regularity in the conduct of their activities, including the development of contingency plans. To this end, they shall implement appropriate and proportionate systems, resources, and procedures.

Article DEL 323-35

The effective management of the companies referred to in Article DEL 323-3 shall be ensured by at least two individuals who must meet the conditions set out in Article LP 331-3.

These companies shall designate within their organisation the person responsible for each of the key functions mentioned in Article DEL 323-34. Under the authority of the Managing director or the Managing board, as applicable, these individuals must possess the integrity, competence, and experience required for their roles and shall perform their duties under conditions defined by the company.

The Managing director or the Managing board shall submit for approval to the Board of Directors or the Supervisory Board procedures defining the conditions under which the individuals responsible for these functions may inform, directly and on their own initiative, the Board of Directors or the Supervisory Board when events occur that justify such action.

The Board of Directors or the Supervisory Board shall hear, directly and on its own initiative, whenever deemed necessary and at least once a year, the individuals responsible for the key functions. This hearing may take place in the absence of the Managing director or the Managing board if the members of the Board consider it necessary. The Board may delegate this hearing to a specialised committee established by the Board.

The appointment and renewal of the individuals mentioned in the first two paragraphs shall be notified to the President of French Polynesia.

Article DEL 323-36

The companies referred to in Article DEL 323-3 shall implement a risk management system.

They shall carry out an internal assessment of risks and solvency.

They shall maintain an internal control system.

Article DEL 323-37

Insurance companies shall retain full responsibility for compliance with their obligations when outsourcing functions or insurance activities.

They shall refrain from outsourcing important or critical operational activities or functions where such outsourcing could seriously compromise the quality of the company's governance system, unduly increase operational risk, hinder the supervisory authorities' ability to verify compliance, or impair the continuous delivery of satisfactory service to policyholders, subscribers, beneficiaries, and reinsured companies.

Insurance companies shall inform French Polynesia in advance and in a timely manner of their intention to outsource important or critical activities or functions, as well as any significant subsequent changes concerning these functions or activities.

Insurance companies that outsource a function or insurance activity shall ensure that the service provider cooperates with French Polynesia in the performance of the outsourced function or activity, and that the company, its auditors, and French Polynesia have effective access to data relating to the outsourced functions or activities.

Article DEL 323-38

Without prejudice to other information obligations, insurance companies shall publish an annual report on their solvency and financial condition. In the event of a major occurrence significantly affecting the relevance of the information contained in this report, insurance companies shall publish details on the nature and impact of the event.

Article DEL 323-39

The report on solvency and financial condition referred to in Article DEL 323-38 shall be approved by the Board of Directors or the Supervisory Board. It shall contain the following information, either in full or by direct and precise reference to equivalent information, both in nature and scope, published under other legislative or regulatory provisions:

- a) A description of the company's business and performance;
- b) A description of the governance system and an assessment of its adequacy in relation to the company's risk profile;

- c) A separate description for each risk category of risk exposure, risk concentrations, risk mitigation, and risk sensitivity;
- d) A separate description for assets, prudential technical provisions, and other liabilities of the bases and methods used for their valuation, including an explanation of any major differences with the bases and methods used in the financial statements;
- e) A description of how capital is managed, including at least:
 - i) The structure of own funds;
 - ii) The amounts of the solvency capital requirement and the minimum capital requirement;
 - iii) The options used, where applicable, for calculating the solvency capital requirement;
 - iv) Information to help understand the main differences between the assumptions underlying the standard formula and those of any internal model used by the company to calculate its solvency capital requirement;
 - v) In the event of a breach of the minimum capital requirement or a serious breach of the solvency capital requirement occurring during the period under review, the amount of the discrepancy identified shall be disclosed, even if the issue has since been resolved. This disclosure shall be accompanied by an explanation of its origin and consequences, as well as any corrective measures taken.

Where the matching adjustment referred to in Article DEL 323-22 is applied, the description under point d) shall include a description of the matching adjustment and the bond portfolio, a description of the assigned asset portfolio to which the matching adjustment applies, and a quantification of the impact of removing the matching adjustment on the company's financial position.

The description under point d) shall also include a statement indicating whether the volatility adjustment referred to in Article DEL 323-22 is used by the company, along with a quantification of the impact of removing the volatility adjustment on the company's financial position.

The description under point i) of item e) shall include an analysis of any significant changes compared to the previous reporting period and an explanation of any material differences observed in the financial statements in the valuation of the relevant items, as well as a brief description of the transferability of capital.

The requirements relating to the content of the solvency and financial condition report, the transmission deadlines, and the transmission procedures are defined in Articles 290 to 297, 300, 301, and 303 of Commission Delegated Regulation (EU) No. 2015/35 of 10 October 2014, as in force on 1 January 2026.

TITLE III: RULES ON THE ESTABLISHMENT AND OPERATION OF INSURANCE COMPANIES

CHAPTER I: PROVISIONS COMMON TO ALL INSURANCE COMPANIES

Section I: General Principles

Article DEL 331-1

All titles of any kind, prospectuses, posters, circulars, plaques, printed materials, and any other documents intended for public distribution or publication by a company referred to in Article LP 310-1 must bear, following the name or corporate name, the following statement in uniform characters: “*entreprise régie par le code des assurances applicable en Polynésie française*” (company governed by the insurance code applicable in French Polynesia) These documents must not contain any reference to supervision by French Polynesia, nor any assertion likely to mislead regarding the true nature of the company or the actual extent of its commitments

Article DEL 331-2

It is prohibited to stipulate or execute contracts or allocate benefits in a random draw.

Article DEL 331-3

When, pursuant to paragraph V of Article LP 331-3, the President of French Polynesia assesses each member of the board of directors or supervisory board, taking into account the competence, experience, and responsibilities of the other members of the body to which they belong, he shall ensure that they collectively possess the necessary knowledge and experience in insurance and financial markets, corporate strategy and business model, governance systems, financial and actuarial analysis, and the legislative and regulatory requirements applicable to the insurance company, appropriate to the responsibilities entrusted to the board of directors or supervisory board.

Article DEL 331-4

For the application of the third paragraph of Article LP 331-5, the legally distinct entity entrusted with managing claims in the legal protection branch shall be either a company governed by the insurance code applicable in French Polynesia, a civil company, a commercial company, or an economic interest group.

Section II: Portfolio Transfer

this section contains no regulatory provisions.

Section III: Privileges

this section contains no regulatory provisions.

Section IV: Judicial restructuring and/or winding-up

Article DEL 331-5

In the event of withdrawal of the administrative authorisation granted to a company, and within twenty days from the day following the publication in the Official Journal of French Polynesia of the decision by the President of French Polynesia pronouncing the withdrawal, each contract subscriber shall be notified of the withdrawal by the liquidator or, pending the appointment of the liquidator, by the person previously vested with general management powers in the company or by their representative.

This notice, which recalls the applicable regulations, shall be sent by registered letter to the last known postal address of the subscriber.

Where the contract subscriber is not the insured or the beneficiary of the contract, the notice shall also be sent to known insured persons or beneficiaries.

The notice shall refer to the provisions of Articles LP 331-12 and LP 331-14. It shall indicate, where applicable, the authority to which subscribers, insured persons, members, and beneficiaries may submit observations regarding claims, and specify any relevant deadlines and the consequences of failing to meet them.

Individual notices must be prepared under the responsibility of the company's directors or, in the case of a company referred to in point 2 of Article LP 310-2, under the responsibility of the general representative, as soon as the instruction is issued by French Polynesia.

Where the known insurance creditor resides, is domiciled, or has its registered office in a Member State of the European Union or a party to the European Economic Area agreement other than France, or in a State or territory listed under Article LP 321-2, the notice shall also be written in the official language or one of the official languages of that State or territory.

Article DEL 331-6

Where the withdrawal of authorisation concerns a company referred to in points 2 and 3 of Article LP 310-1, the notice mentioned in Article DEL 331-5 shall reproduce the first paragraph of Article LP 331-16 and specify the date on which the subscribed contract will cease to have effect.

Article DEL 331-7

Where the withdrawal of authorisation concerns a company referred to in point 1 of Article LP 310-1, the notice mentioned in Article DEL 331-5 shall reproduce the text of Articles LP 331-15 and LP 331-17.

Where applicable, each known contract subscriber, insured person, or beneficiary shall be informed, under the same conditions, of decisions taken by the President of French Polynesia pursuant to the second paragraph of Article LP 331-17. Where the President's decision sets the date on which contracts cease to have effect, this information shall be provided no later than twenty days before the cessation date.

Section V: Sanctions

Article DEL 331-8

Any executive of a company subject to the supervision of French Polynesia under Article LP 310-1 shall be liable to the fine applicable to fifth-class offences for:

1° Failing to comply with the obligations or prohibitions set out in Articles DEL 323-5, DEL 331-2, DEL 331-5, DEL 331-6, DEL 331-7, DEL 332-2, and the first paragraph of DEL 334-11;

2° Failing to submit a recovery programme as prescribed under Article LP 322-9 or failing to implement, within the prescribed conditions and timeframes, a programme that has been approved;

3° Failing to comply with obligations relating to accounting practices, including the recording of transactions, retention of accounting documents, and presentation of annual accounts.

In the event of a repeat offence, the fine applicable to repeated fifth-class offences shall apply.

Article DEL 331-9

For the purposes of the penalties listed in this chapter, the following shall be considered company executives: The Managing director, the President, directors, managing directors, deputy managing directors, managers, members of the supervisory board and managing board, general managers, and any *de facto* executive of a French Polynesian company. In the case of a company whose registered office is not located in French Polynesia, the general representative or their legal representative shall be considered as such.

Article DEL 331-10

Any executive of a company subject to the supervision of French Polynesia under Article LP 310-1 who fails to comply with the obligations or prohibitions set out in Articles DEL 322-1 and DEL 331-1 shall be liable to the fine applicable to fifth-class offences.

Repeat offences under this article shall be punished in accordance with Article 132-11 of the Penal Code.

CHAPTER II: SPECIFIC PROVISIONS FOR INSURANCE COMPANIES WITH REGISTERED OFFICES IN FRENCH POLYNESIA

Section I: General Principles

Article DEL 332-1

Companies referred to in point 1 of paragraph I of Article LP 310-2 must, prior to submitting any amendments to their articles of association to the general meeting, obtain the approval of the President of French Polynesia. The President shall decide within three months of the submission of three copies of the proposed amendments to the statutory resolutions. If no response is received within this period, the amendments shall be deemed approved. This period is reduced to forty-five days for increases in share capital.

Article DEL 332-2

In prospectuses, posters, circulars, notices, announcements or any documents relating to borrowings by companies referred to in point 1 of paragraph I of Article LP 310-2, it must be explicitly stated that a privilege is granted to policyholders under Article LP 331-7, and that the lender, even if also a policyholder, does not benefit from any privilege regarding interest or repayment of the loan.

This statement must also appear prominently on the loan securities.

Section II: Public Limited Insurance and Capitalisation Companies

Article DEL 332-3

Companies referred to in point 1 of paragraph I of Article LP 310-2 and incorporated as public limited companies must have a share capital, excluding contributions in kind, of at least 100,000,000 XPF to carry out operations falling within classes 10 to 15 and 22 to 23 of Article DEL 321-1, as well as reinsurance operations.

To carry out operations in other classes, these companies must have a share capital, excluding contributions in kind, of at least 60,000,000 XPF.

Prospectuses, posters, circulars, notices, announcements, and any documents, as well as policies issued by the public limited companies referred to in this section, must indicate, below the stated share capital, the portion of capital that has already been paid up.

Article DEL 332-4

Any transaction enabling a person, acting alone or in concert with others within the meaning of Article L. 233-10 of the French Commercial Code as applicable in French Polynesia, to acquire, increase, reduce or cease to hold, directly or indirectly, a stake in a company referred to in point 1 of Article LP 310-2 must be notified to the President of French Polynesia prior to its completion, as provided in the first paragraph of Article LP 332-2, when any of the following conditions is met:

1° The proportion of voting rights or share capital held by the person(s) crosses above or below the thresholds of one-tenth, one-fifth, one-third or one-half;

2° The company becomes or ceases to be a subsidiary of the person(s);

3° The transaction enables the person(s) to exercise significant influence over the management of the company.

For the purposes of this section, voting rights are calculated in accordance with Articles L. 233-4, the first, third and fourth paragraphs of Article L. 233-7, and Article L. 233-9 of the French Commercial Code as applicable in French Polynesia. Voting rights or shares held by credit institutions, portfolio management companies or investment firms as a result of firm underwriting or guaranteed placement of financial instruments (as defined in points 6-1 or 6-2 of Article D. 321-1 of the French Monetary and Financial Code as applicable in French Polynesia) are not taken into account, provided they are not exercised or used to influence the issuer's management and are disposed of within one year of acquisition.

Capital participation is calculated by adding, where applicable, direct and indirect holdings in the company's capital. Indirect holdings are calculated by multiplying the percentages held in each intermediary entity and in the company.

The notification must be accompanied by a file, the contents of which are determined by an order issued by the Council of Ministers.

Article DEL 332-5

Public limited companies referred to in this section are exempt from the levy prescribed by Article L. 232-10 of the French Commercial Code as applicable in French Polynesia.

Article DEL 332-6

The special report of the statutory auditors required under the third paragraph of Article L. 225-40 and the third paragraph of Article L. 225-88 of the French Commercial Code as applicable in French Polynesia must include, for the public limited companies referred to in this section, in addition to the information listed in Articles 92 or 117 of Decree No. 67-236 of 23 March 1967 on commercial companies as applicable in French Polynesia, the amount of sums paid to persons referred to in Articles L. 225-38 or L. 225-86 of the same code, as remuneration or commissions for insurance or capitalisation contracts subscribed through them.

CHAPTER III: SPECIFIC PROVISIONS FOR INSURANCE COMPANIES WHOSE REGISTERED OFFICE IS NOT IN FRENCH POLYNESIA

Article DEL 333-1

The general representative must be vested by the company with sufficient powers to bind it in dealings with third parties and to represent it before authorities and courts.

Where the general representative is an employee or a commission-based agent of the company, their role as general representative does not alter that status.

The general representative, if a natural person, or their designated representative if a legal entity, must submit information regarding their qualifications and professional experience, as defined by an order issued by the Council of Ministers.

Any changes affecting the information mentioned above must be communicated to the President of French Polynesia, who may, if necessary, reject the appointment of the general representative.

The company may not revoke the powers granted to its general representative until a successor has been appointed. The general representative shall remain in office until their replacement has been designated and, where applicable, accepted by the President of French Polynesia. In the event of the death of the general representative or the designated individual representing them, the company must appoint a successor as soon as possible.

Article DEL 333-2

Branches of companies referred to in point 2 of Article LP 310-2 that are not subject to a partner supervisory authority must appoint one or more statutory auditors. These auditors shall certify the annual accounts of the branches and are appointed by the general representative referred to in Article LP 333-1.

CHAPTER IV: ACCOUNTING AND STATISTICAL PROVISIONS

Article DEL 334-1

Subject to specific provisions of this code and those of Regulation No. 2015-11 of the Accounting Standards Authority, as in force on 1 January 2026, companies referred to in Article DEL 334-2 are subject to the accounting obligations set out in Articles L. 123-12 to L. 123-22 of the French Commercial Code as applicable in French Polynesia.

Article DEL 334-2

The following are subject to the obligation to prepare annual accounts in accordance with applicable accounting standards:

- 1° Companies referred to in point 1 of Article LP 310-2, for all their operations;
- 2° Branches of companies referred to in point 2 of Article LP 310-2, for their operations in French Polynesia.

The applicable accounting standards are those set out in Regulation No. 2015-11 of the Accounting Standards Authority, as in force on 1 January 2026.

Article DEL 334-3

Without prejudice to the publication rules defined in Article L. 232-23 of the French Commercial Code as applicable in French Polynesia, companies referred to in Article DEL 334-2 must publish or make available, under conditions specified by an order issued by the Council of Ministers, their annual accounts, the management report (except for branches of companies referred to in point 2 of Article DEL 334-2), the statutory auditors' report on the annual accounts, and, where applicable, consolidated or combined accounts, the group management report, and the statutory auditors' report on the consolidated or combined accounts.

If a company refuses to provide all or part of the documents requested under the above paragraph, the president of the competent court, ruling in summary proceedings, may, at the request of the concerned party, order the company to provide the documents under penalty.

Article DEL 334-4

In carrying out their duties, the President of French Polynesia may authorise or require companies referred to in Article DEL 334-2 to derogate from certain provisions concerning the accounting year-end date, the keeping and presentation of accounts, and the methods for valuing assets and liabilities. The list of such authorisations or requirements and their implementation procedures shall be specified by an order issued by the Council of Ministers.

The President of French Polynesia may also require these companies to align valuations in their accounts with the provisions of Article DEL 334-2.

Article DEL 334-5

Subject to the provisions of this code and any necessary adaptations resulting from applicable accounting standards, companies referred to in Article DEL 334-2 are subject to the provisions of Articles 311-3-2, 311-5, 312-8, 361-2, 410-2, 410-6, 410-7, 410-8, 321-10, 321-13, 322-1-8, 322-1-10, 322-4-5, 361-1, 420-2, 420-3, 420-4, 434-1, 511-4, 511-5 and 511-6 of Resolution

No. 2011-13 APF of 5 May 2011 concerning the general chart of accounts applicable in French Polynesia.

Article DEL 334-6

An order issued by the Council of Ministers may, where necessary, prescribe specific off-balance sheet monitoring procedures for companies referred to in Article LP 310-1 concerning investments, contracts, claims, and reinsurance, co-insurance, and co-reinsurance operations.

Article DEL 334-7

Unless an exemption is granted by the President of French Polynesia under Article DEL 334-4, the financial year shall begin on 1 January and end on 31 December of each year. Exceptionally, the first financial year of companies commencing operations during a calendar year may end at the close of the following year.

Article DEL 334-8

Foreign currency transactions and related accounting documents shall be defined and maintained in each currency used, in accordance with applicable accounting standards. However, companies whose foreign currency operations are not significant may keep their accounting documents solely in XPF.

Annual accounts shall be prepared in XPF. For the preparation of annual accounts, foreign currency transactions shall be converted into XPF based on exchange rates observed at the account closing date or, failing that, the nearest prior date.

Article DEL 334-9

The President of French Polynesia may request that annual accounts be submitted to them before being presented to the general meeting, from the date they are made available to the statutory auditors.

Article DEL 334-10

Any company referred to in Article DEL 334-2 must establish procedures for preparing and verifying the financial and accounting information required for the preparation of annual accounts.

For companies referred to in Article DEL 323-1, these procedures shall be described in a report submitted annually for approval by the board of directors or supervisory board and transmitted to the President of French Polynesia.

For companies referred to in Article DEL 323-2, the report shall be included in the internal control report referred to in Article DEL 323-15.

Article DEL 334-11

For companies referred to in Article LP 310-1, the items mentioned in this article constitute regulated liabilities for the purposes of applying the provisions of this book.

Companies must be able to justify the valuation of the following items:

- 1° Sufficient technical provisions to ensure full settlement of their commitments to policyholders, subscribers, beneficiaries of contracts, and reinsured companies;
- 2° Liability items corresponding to other preferential claims;
- 3° Guarantee deposits from agents, policyholders, and third parties, where applicable;
- 4° A loan amortisation reserve;
- 5° A contingency provision for employees and agents, intended to cover commitments made by the company to its staff and collaborators.

The technical provisions referred to in point 1° are valued without deducting reinsurance cessions, whether ceded to authorised or unauthorised companies.

Article DEL 334-12

The technical provisions corresponding to insurance operations referred to in point 1 of Article LP 310-1 are as follows:

- 1° Mathematical provision: the difference between the present values of the commitments made respectively by the insurer and the insured;
- 2° Provision for profit sharing: the amount of profit shares allocated to contract beneficiaries when such profits are not payable immediately after the close of the financial year in which they were generated;
- 3° Capitalisation reserve: a reserve intended to offset the depreciation of assets held by the company and the reduction in their income;
- 4° Management provision: intended to cover future management expenses of contracts not otherwise covered;
- 5° Provision for financial risks: intended to compensate for a decline in asset yields;
- 6° Provision for liquidity risk: intended to cover commitments in the event of a loss in value of all assets referred to in Article DEL 334-16;
- 7° Provision for deferred acquisition costs: intended to cover expenses resulting from the deferral of acquisition costs;
- 8° Equalisation provision: intended to cover fluctuations in claims relating to group insurance operations against the risk of death.

A commitment may only be provisioned under one of the categories listed in this article.

Article DEL 334-13

The technical provisions corresponding to insurance operations referred to in points 2 and 3 of Article LP 310-1 are as follows:

- 1° Mathematical provision for annuities: the present value of the company's commitments regarding annuities and related benefits charged to it;
- 2° Provision for unearned premiums: intended to record, for all current contracts, the portion of issued and outstanding premiums relating to the period between the inventory date and the next premium due date or, failing that, the contract's end date;

3° Provision for ongoing risks: intended to cover, for all current contracts, the cost of claims and related expenses for the period between the inventory date and the next premium due date that may be revised by the insurer or, failing that, between the inventory date and the contract's end date, for the portion not covered by the provision for unearned premiums;

4° Capitalisation reserve: a reserve intended to offset the depreciation of assets held by the company and the reduction in their income;

5° Provision for claims payable: estimated value of principal and expense payments, both internal and external, required to settle all incurred but unpaid claims, including the capital value of annuities not yet charged to the company;

6° Provision for increasing risks: may be required for insurance operations covering illness and disability risks, equal to the difference between the present values of the commitments made respectively by the insurer and the insured;

7° Equalisation provision:

a) to cover exceptional charges related to operations guaranteeing risks from natural events, atomic risk, civil liability due to pollution, space risks, aviation risks, and risks related to attacks and terrorism;

b) to offset any technical loss in credit insurance at the end of the financial year;

c) to cover fluctuations in claims relating to group insurance operations against bodily injury risks;

8° Provision for liquidity risk: intended to cover commitments in the event of a loss in value of all assets referred to in Article DEL 334-14.

Article DEL. 334-14

Where the guarantees of a contract are expressed in a specific currency, the commitments of the insurance company referred to in Article DEL 334-11 shall be denominated in that currency.

Where the guarantees of a contract are not expressed in a specific currency, the commitments of the insurance company shall be denominated in the currency of the country where the risk is located. However, the company may choose to denominate its commitments in the currency in which the premium is expressed if, at the time the contract is taken out, it appears likely that a claim will be paid not in the currency of the country where the risk is located, but in the currency in which the premium was denominated.

If a claim has been reported to the insurer and the benefits are payable in a specific currency other than that resulting from the application of the above provisions, the commitments of the insurance company shall be denominated in the currency in which the compensation to be paid by the company has been determined by a court decision or by agreement between the insurance company and the insured.

Where a claim is assessed in a currency known in advance by the insurance company but different from that resulting from the application of the above provisions, the insurance company may denominate its commitments in that currency.

Article DEL 334-15

Amortisable assets, other than indexed bonds and shares, units of securitisation funds, and participating securities, shall be recorded at their purchase price excluding accrued interest at the acquisition date. The methods for determining this purchase price, amortisation over the residual life of the securities, the difference between their purchase price and redemption price, and the methods for recognising impairment at inventory date—where it is deemed that the debtor will be unable to meet their obligations, either for interest payments or principal repayment—shall be defined by an order issued by the Council of Ministers.

This article also applies to bonds indexed to the general price level of a country or group of countries whose currency is that in which the bonds are denominated, with a guarantee of repayment at par. These bonds must be either issued by a private legal entity with its registered office in an OECD member state and traded on a recognised market, or issued or guaranteed by an OECD member state, an international public body of which one or more EU member states are members, or local public authorities of an OECD member state, or issued by a national public institution of an EU member state.

By way of derogation from the above provisions, convertible bonds that have a negative actuarial rate at the time of purchase—calculated without taking into account the exercise of the conversion option—may be accounted for in accordance with Article DEL 334-14.

Article DEL 334-16

Except for assets recorded in accordance with Article DEL 334-19, investments shall be recorded on the balance sheet at their purchase or acquisition cost, excluding accrued interest where applicable.

Article DEL 334-17

Financial and real estate investments shall be valued based on their realisable value under the following conditions:

- a) Listed securities and all types of listed instruments shall be valued at the last quoted price on the inventory date;
- b) Unlisted securities and loans shall be valued at their fair market value, corresponding to the price that would be obtained under normal market conditions and based on their usefulness to the company;
- c) Shares in open-ended investment companies and units of mutual funds shall be valued at the last published redemption price on the inventory date;
- d) Unless another value results from an appraisal carried out under the provisions of Article DEL 334-4, the realisable value of real estate and shares or units in property companies not listed on a stock exchange in an OECD member state shall be determined based on a five-year appraisal conducted by an expert accepted by French Polynesia. Between two appraisals, the value shall be subject to an annual estimate certified by an expert accepted by the President of French Polynesia;
- e) Other investments shall be valued at their book value determined in accordance with Articles DEL 334-17 and DEL 334-18, unless another value results from an appraisal carried out under the provisions of Article DEL 334-4.

For securities recorded excluding accrued coupons under Articles DEL 334-17 and DEL 334-18, the valuation under this article shall deduct the proportionate interest accrued from the last due date to the inventory date.

Article DEL 334-18

The realisable value of forward financial instruments shall be:

- a) For forward financial instruments traded on regulated markets, the value of the last quotation;
- b) For over-the-counter instruments, the replacement cost, assessed by at least two entities not belonging to the same group. One of these entities may be the company itself, unless objected to by the government of French Polynesia.

Entities authorised to carry out this valuation include credit institutions, investment firms, or, by decision of the government, specialised organisations.

Article DEL 334-19

By way of derogation from Articles DEL 334-17 and DEL 334-18, investments held to represent life insurance or variable capitalisation contracts, where the insured amount is determined by reference to a benchmark value, shall be separately valued and recorded on the balance sheet at their value on the inventory date.

Article DEL 334-20

Where a company referred to in Article DEL 334-2 has issued borrowings, a constant annual charge shall be recorded to cover interest payments and loan repayments or to build up a reserve for loan amortisation. This obligation does not apply to subordinated securities and borrowings.