

## THE INSURANCE ACT 2008

The legislative underpinning for the regulation and supervision of the insurance industry in Seychelles is the Insurance Act, 2008. The Act vests the Central Bank of Seychelles with regulatory oversight of insurance business conducted in or from Seychelles.

The Act prohibits the carrying on of insurance business in or from Seychelles except under the authority of a licence issued by the Central Bank. Such a licence may authorise its holder to carry on domestic insurance business or non domestic insurance business. Domestic insurance business is restricted to the issuance of Seychelles policies whilst non domestic insurance business is restricted to the issuance of policies in relation to risks situated outside Seychelles. The Act does not prohibit a company from holding both licences.

Non domestic insurance business in Seychelles is also governed by the Insurance (Non Domestic Insurance Business) Regulations, 2009 and guidelines issued by the Central Bank from time to time.

### APPLYING FOR A LICENCE

In making an application for a non domestic insurance licence the following information and documents must be provided:

- A completed application form for a non domestic insurance business (the form is available at [www.sterlingoffshore.com/downloads/non-domestic-insurance-application-form.doc](http://www.sterlingoffshore.com/downloads/non-domestic-insurance-application-form.doc)) ;
- An application fee of \$ 1000;
- A completed Personal Questionnaire Form from each of its substantial shareholder and principal officer;
- A statement of the applicant's proposed insurance business;
- A business plan or a feasibility study conducted by an actuary;
- A business plan which shall set out details of the commercial operations in which the applicant intends to engage if the applicant is licensed as a non-domestic insurer including the following information –
  - the business objectives of the applicant and the type and source of business contemplated;
  - the applicant's proposed initial assets and its anticipated assets and liabilities and estimated income at the end of each of the two years next succeeding the grant of its licence;
  - particulars of the applicant's management structure and staff;
  - the reasons for the selection of Seychelles as a place for the conduct of the applicant's business;
  - the particulars of the applicant's customer base;
  - a copy of –
    - the applicant's memorandum and articles, duly authenticated by a *Director or the Principal Officer of the applicant*;
    - the resolution of the Board of Directors of the applicant, duly authenticated by a *Director or the Principal Officer of the applicant*, authorising the application for a licence as an insurer to carry on nondomestic insurance business under the Act;
    - the applicant's certificate of incorporation or registration, as the case may be, certified by the registrar of companies in the place of establishment or origin of the applicant;
    - the list of all persons, with their addresses and nationalities, who are registered shareholders of the applicant, distinguishing the shareholding of each, and the list of all persons, with their addresses and nationalities, who are beneficial owners of shares of the applicant not being registered shareholders, distinguishing the shares of each such beneficial owner, and two or more references verifying the financial good standing of each such shareholder or beneficial owner;
    - the annual accounts of the applicant and the annual accounts of the applicant's holding, parent and associated companies for the two years immediately preceding the application, such accounts to be duly audited and certified to the satisfaction of the Central Bank;

- a statement in writing in a form acceptable to the Central Bank from the authority responsible for the supervision of insurance in the place in which the applicant or its parent company is incorporated, that such authority is aware of the intended application;
- a statement in writing satisfactory to the Central Bank evidencing that the board of directors or governing body of the applicant, and the persons responsible for the management of the applicant, are sufficiently experienced and knowledgeable in the business of insurance;
- three references, one of which shall be financial in nature from a reputable international financial institution in respect of all the persons who are directors, managers or senior officers of the applicant.

Applicants should be aware that the Central Bank will not process an application until all licensing requirements are fulfilled. Once licensed, a non domestic insurer is expected to maintain adequate capital and financial resources to ensure the sustained operation of the business and the security of policy holders. The Act and Regulations prescribe the mechanisms to ensure that licensees are able to meet their liabilities as and when they fall due.

The following table sets out the minimum paid up capital and margin of solvency required in respect of each type of non domestic insurance business.

| <b>Type of Insurance Business</b> | <b>Minimum Paid Up Capital</b> | <b>Minimum Solvency Margin</b>  |
|-----------------------------------|--------------------------------|---|
| General Insurance Business        | \$ 100,000                     | - \$ 125,000 (for the first financial year);<br>- \$125,000, where the net premium income in the preceding financial year did not exceed \$ 750,000;<br>- 1/5 of the net premium income for the preceding financial year, where the premium income exceeded \$750,000 but did not exceed \$ 5,000,000;<br>- by the aggregate of \$ 1,000,000 and 10% of the amount by which the net premium income in that financial year exceeded \$5,000,000, where the net premium income for the year exceeded \$ 5,000,000 |
| Long Term Insurance Business      | \$ 100,000                     | the amount of its liabilities under contracts of insurance entered into must not exceed the amount of its long term insurance fund  |
| Reinsurance Business              | \$ 50,000                      | an amount not less than it's paid up capital or 20 per cent of the net premium income for the preceding year, whichever is the highest  |
| Captive Insurance Business        | \$ 25,000                      | paid up capital   |

## **REINSURANCE REQUIREMENT**

Section 21 of the Insurance Act requires every insurer to enter into reinsurance agreements in respect on risks insured. The reinsurance arrangements must be in accordance with sound insurance principles.

Moreover, the insurance agreement must be submitted to the Central Bank for examination and the Central Bank may where it considers fit give directions for the termination or amendment of the agreements.

## **SERVICE PROVIDERS**

### **Actuary and Auditor**

The Insurance Act makes it obligatory for an insurer to appoint an auditor and an actuary. The appointment must be made in accordance with the provisions of the Act and will not be effective until it is approved by the Central Bank.

### **Insurance Manager**

An insurance manager must be appointed to manage the affairs of the insurer where the latter does not have the necessary insurance expertise in its management structure and personnel. The insurance manager must be licensed by the Central Bank.

### **Principal Insurance Representative**

A principle insurance representative must be appointed by an insurer to maintain full and proper records of the insurance business. The representative must not be an employee of the insurer.

An insurer can only appoint a representative which has been registered as such with the Authority. [Sterling Insurance Representatives Limited is licensed by the Insurance Authority as a Principal Insurance Representative.](#)

## **REPORTING REQUIREMENTS**

Non domestic insurers are subject to the various reporting requirements of the Act:

- Section 49 requires insurers to submit to the Central Bank ,within 3 months after the end of each financial year, a copy of every account, balance sheet, auditor's certificate, report or statement required to be prepared under the Act;
- An insurer is also required to furnish the Central bank with a certified copy of every report on its affairs made to its shareholders or policy holders;
- The Central Bank may require the submission of information about any matter related to the business being carried on by a non domestic insurer, where it requires such information for the discharge of its functions under the Act.

## **ANTI MONEY LAUNDERING REQUIREMENT**

An insurer licensed under the Insurance Act 2008 is subject to the requirements of the Anti-Money Laundering Act, 2008 (as amended) and are therefore required to have in place anti-money laundering procedures, policies and practices.

A licensed insurer must specifically, maintain procedures and systems to establish the identity of its policyholders, adopt appropriate internal controls and communication procedures in accordance, provide appropriate training for employees, and establish internal reporting procedures.

The Financial Intelligence Unit has issued guidelines as to how the provisions of the Anti-Money Laundering Act can be implemented. The guidelines are available on the Central Bank's website or can be obtained from the Financial Intelligence Unit.