



# Policy and Procedures

**Subject:** Licensing Policy and Procedures

**Number:** S-1

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**Scope:** Licensing and Inspections

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## 1. Introduction

All legal entities operating in insurance business in the Kingdom of Swaziland need to be licensed in terms of the Insurance Act 2005.

A well functioning insurance market plays an important role in economic development. As such the licensing procedures are a key element of the licensing and regulatory framework that will:

- a) Minimise the possibility of insurer insolvency
- b) Ensure that insurers have appropriate systems in place to meet established policyholders' expectations and service standards as well as to monitor their performance against those expectations and standards.
- c) Promote the development and stability of the market by providing a level playing field for all operators in compliance with international standards and principles and consumer protection policies, so as to ensure the existence of consistent standards that are applied to all applicants who wish to participate in the sector.

All applications should be made in writing in terms of Section 6,15 and 19 of the Insurance Act 2005, for insurers, brokers and agents, consecutively, and a licence will be issued once the Registrar is satisfied that the conditions set for licensing have been met.

These are the procedures that have been adopted by RIRF in relation to the licensing of all legal entities wishing to operate in the insurance sector in Swaziland. While RIRF will consider the procedures in exercising its statutory duty and discretion in relation to licensing, it may exercise those powers and discretions other than in accordance with these procedures where necessary in accordance with the discretionary powers conferred on the Registrar by the Act.

These procedures give guidance concerning:

- a) How applications for registration will be handled for those wishing to operate in the insurance industry.
- b) Documentation that need to be submitted when applying for a licence.
- c) Guidelines on how applications will be assessed for approval and how the requirements will be interpreted and applied.

These procedures apply to the following departments who have an input in the licensing of entities that seek RIRF's approval:

- a) Licensing and Inspections department in terms of the licensing process.
- b) Enforcement, Legal and Policy department in terms of the interpretation of relevant statutes.
- c) Finance department in terms of the collection of fees.

## **2. Procedures**

RIRF's application process has nine sections designed to guide its staff in the approval process.

### **2.1 Submission of Application**

Before submission of the application, the applicant is expected to be familiar with the requirements for registration in the insurance market. The length of time it takes to review an application depends on how well prepared the application was before submission. To this end, applicants are encouraged to contact RIRF with questions before submitting their application.

Applicants are further expected to be familiar with the local insurance legislation and in this regard, the Act, regulations, directives and circulars are available for information and a summary of requirements (Appendix B; C or D).

### **2.2 Payment of the Application and Registration Fees**

Relevant fees for application and registration in case of approval have to be paid. On receipt of payment, fees are submitted to the Finance department for receipting.

### **2.3 Review the Completeness of the Application**

On presentation of the application, it will immediately be reviewed for completeness, to ensure that the application has been submitted in the required format, with the relevant attachments as indicated on the schedule of requirements for registration (Appendix E). Should the application be incomplete, all outstanding requirements should be highlighted at step (2.4) below.

### **2.4 Acknowledgement of Application**

Within 3 days from date of submission of the application, the applicant must be informed in writing of documents received and those still outstanding, as the case may be. The process of evaluation of the application should then begin with the submitted application documents. Should the application fee not be submitted together with the application, the applicant should be informed that their application will not be considered until the relevant fees have been paid.

### **2.5 Review Application**

The application is then reviewed to ensure that it meets minimum statutory requirements using Appendices B; C or D.

## 2.6 Analysis Report to Manager with Recommendations

An analysis report is prepared for the manager based on results of the review, stating recommendations as well as any deficiencies that have been identified. The report should be in the form of a minute and should report on all the areas indicated in the schedule of requirements.

## 2.7 Peer Review of Analysis Report

Before the report is submitted to the manager for review, it is the responsibility of each staff member to ensure that the analysis report is reviewed for correctness by a colleague within the department as a quality control mechanism and to ensure continuing learning for all staff members.

## 2.8 Analysis by Manager and Communication of Course of Action

The Manager will comment on each section of the report. Where further clarification of report is needed, the Manager will discuss the issue with the author of the report in order to come to a common understanding of the issue at hand. Any deficiencies identified will be commented on. Manager will indicate agreement or not with recommendations made in the report as well as state the way forward. Approval or disapproval of an application will be decided by the Registrar.

## 2.9 Total Turnaround Time

While the goal of RIRF is to review all applications within 60 days of receipt of application, licensing will depend on how soon everything necessary to facilitate the process is submitted by the applicant (Appendix A).

## Appendix A – Process Timetable

Step	Description	Responsibility	Timing	Days	Subtotals
1.	Preliminary inquiry about requirements	Licensing staff	immediate	-	
2..	Receive and record application	Registrar's secretary	immediate	-	
3.	Initial review of application	Registrar	1 day	1.0	

Step	Description	Responsibility	Timing	Days	Subtotals
4.	Forward application to manager	Registrar	immediate	-	
5.	Record, check completeness, assign number	Manager	1 day	1.0	
6.	Forward application fee to Finance	Manager	immediate	-	
7.	Allocate application to staff member	Manager	immediate	-	
8.	Check completeness	Licensing staff	.5 day	0.5	
9.	Prepare acknowledgement, request missing documents	Licensing staff	.5 day	0.5	
10.	Review letter of acknowledgement	Manager	.5 day	0.5	
11.	Sign letter of acknowledgement	Registrar	.5 day	0.5	4.0
12.	Analyze content of application	Licensing staff	4 days	4.0	
13.	Prepare report and recommendations	Licensing staff	1 day	1.0	
14.	Review report and content of application	Manager	2 days	2.0	
15.	Review manager's written comments	Licensing staff	.5 day	0.5	
16.	Discuss report and next steps	Manager and Licensing staff	.5 day	0.5	8.0
17.	<b><i>Processing after analysis:</i></b>				
18.	<b><i>If ready for approval:</i></b>				

Step	Description	Responsibility	Timing	Days	Subtotals
19.	Prepare license and letter, including any conditions	Licensing staff	.5 day	0.5	
20.	Review license and letter	Manager	.5 day	0.5	
21.	Sign license and letter	Registrar	.5 day	0.5	
22.	Update register of licensees, file copy of license	Licensing staff	.5 day	0.5	
23.	Update website	Finance & Admin	weekly		2.0
24.	<i>If additional information is needed:</i>				
25.	Prepare letter with questions, concerns, deadline for response	Licensing staff	.5 day	0.5	
26.	Review letter	Manager	.5 day	0.5	
27.	Sign letter	Registrar	.5 day	0.5	0.5
28.	<i>If application is rejected:</i>				
29.	Prepare letter with explanation of reasons	Licensing staff	.5 day	0.5	
30.	Review letter	Manager	.5 day	0.5	
31.	Sign letter	Registrar	.5 day	0.5	0.5
32.	<i>Receive Additional Information:</i>				

Step	Description	Responsibility	Timing	Days	Subtotals
33.	Receive and record additional information	Registrar's secretary	immediate	0.5	
34.	Initial review of information	Registrar	1 day	1.5	
35.	Forward information to manager	Registrar	immediate	-	
36.	Record and forward to staff member	Manager	immediate	-	
37.	Check completeness	Licensing staff	.5 day	0.5	
38.	Analyze information	Licensing staff	2 days	2.0	
39.	Prepare supplementary report and recommendations	Licensing staff	.5 day	0.5	
40.	Review supplementary report and information	Manager	1 day	1.0	
41.	Review manager's written comments	Licensing staff	.5 day	0.5	
42.	Discuss next steps; go to step 17	Manager and Licensing staff	.5 day	0.5	7.0
43.	<b><i>Deadline for information is not met:</i></b>				
44.	Prepare notice that application will be closed in two weeks unless information is received or extension is approved	Licensing staff	.5 day	0.5	
45.	Review notice	Manager	.5 day	0.5	
46.	Sign notice	Registrar	.5 day	0.5	

Step	Description	Responsibility	Timing	Days	Subtotals
47.	<i>If extension is requested:</i>				
48.	Receive and record request for extension	Registrar's secretary	immediate	-	
49.	Initial review of request	Registrar	.5 day	0.5	
50.	Forward to manager	Registrar	immediate	-	
51.	Record	Manager	immediate	-	
52.	Discuss request and develop recommendation	Manager and Licensing staff	.5 day	0.5	
53.	Prepare letter in response to request	Licensing staff	.5 day	0.5	
54.	Review letter	Manager	immediate	-	
55.	Consider recommendation, sign letter (or request meeting to discuss and/or revise)	Registrar	.5 day	0.5	2.0
56.	<i>If no information or request for extension:</i>				
57.	Prepare notice that application has been closed	Licensing staff	.5 day	0.5	
58.	Review notice	Manager	.5 day	0.5	
59.	Sign notice	Registrar	.5 day	0.5	1.5



## Appendix B–Requirements for Insurers



### **Registration Requirements – Insurers In Terms of the Insurance Act, 2005 (Act No. 7 of 2005)**

In order to apply for a licence to operate as an insurer in the Kingdom of Swaziland, the following requirements are applicable. Please, note that applications for long-term insurance and short-term insurance should be lodged separately.

All applications for a permanent licence are to be made in terms of section 6 of the Insurance Act 2005. A permanent licence will be issued once the Registrar is satisfied that the following conditions have been met and the application should include the following information in duplicate:

1. List of classes of insurance business to be underwritten
2. A certified copy of a certificate of incorporation as a public company together with an authenticated copy of the memorandum and articles of association of the company;
3. A statement of proof of physical address of the principal office, being the premises where the business is going to be conducted;
4. A statement of appointed bankers of the company as well as proof and details of the company's trust account;
5. A statement (business plan) showing:
  - a) The proposed underwriting policy of the company;
  - b) Particulars of proposed reinsurance arrangements;
  - c) The basis of premium rates;

- d) The company's investment strategy
  - e) Proof of paid up share capital in terms of section 7 (2) and (3) of the Act.
  - f) A certificate by an actuary certifying the financial soundness of the company's intended business plan. (Valuator's name, address, professional qualification and experience must be furnished in the statement)
  - g) The business' Corporate Governance strategy
  - h) The business risk management strategy
  - i) Audited financial statements in respect of the applicant's last preceding financial year if the applicant is already conducting insurance business.
6. Application for approval to use an abbreviated name for the company accompanied by the approval of the Registrar General of the exclusive use of the name;
  7. Application for approval of an Auditor;
  8. Application for approval of a Valuator (Valuator's name, address, professional qualification and experience must be furnished in the statement)
  9. Application fee of E 2000.00
  10. Registration fee of E 10,000.00
  11. A list of the persons who are shareholders of the company showing each person's interest in the company;
  12. Proof of repatriation or repatriation plan of all policy contracts written in Swaziland on or before the commencement of this Act, to the new Company. This should include the policy book as well as assets related to such book.
  13. In addition, we require the following details of all shareholders, directors and principal representative:
    - a) Name, address, nationality and country of permanent residence
    - b) Qualifications, work experience and other professional and/or business interest
    - c) Full details of reputation and character (credit worthiness, bankruptcy, fraud, dishonesty, insolvency, disqualification as a director, etc.)

- d) Professional and work conduct (dismissals, disciplinary actions, litigation, etc.)
- e) Foreign insurance companies should also provide a list of countries in which the applicant carries on business as an insurer and a certificate by the regulatory authority of such country indicating whether the applicant has consistently complied and is complying with the law of each country.

The central administration of policies, contracts and underwriting should be situated in Swaziland as well as the full management of operations should rest with the local principal representative and Board.

In general all registration requirements set out above should be read together with the Act and Regulations as well as any requirement that the Registrar may have from time to time.

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**SANDILE DLAMINI**  
**REGISTRAR OF INSURANCE AND RETIREMENT FUNDS**

## Appendix C – Requirements for Insurance Brokers and Agents



### Registration Requirements – Insurance Brokers and Agents In Terms of the Insurance Act Of 2005

In order to apply for a licence to operate as an insurance broker and agent in the Kingdom of Swaziland, the following requirements are applicable.

#### **Broker**

An application letter requesting approval for a licence in terms of section 15 of the Insurance Act must be addressed to the Registrar of Insurance and Retirement Funds. The letter should state;

Reasons for applying

Indicate the type of insurance business you seek to market (short-term insurance and/or long-term insurance).

Types of classes of insurance business that will be marketed

The application should be accompanied by the following documents:

1. Authenticated proof that the business is registered in Swaziland (certificate of incorporation and memorandum and articles of association)
2. A statement of the address of the company's physical office in Swaziland.
3. A statement of the name, address, nationality, qualifications, work experience and other professional and/or business interest (setting out his educational qualification and his experience in the insurance industry) and country of residence of the company's chairman, other directors and the principal representative.
4. A statement with full details of applicant's reputation and character (credit worthiness, bankruptcy, fraud, dishonesty, disqualification as a director, insolvency etc.)

5. A statement of professional and work conduct (dismissals, disciplinary actions, litigation, etc.)
6. In case of shareholders, a statement that includes but is not limited to difficult economic situation, involvement in illegal transactions such as money laundering,
7. Police clearance certificate of all directors and principal representative.
8. Details of Trust Account
9. Risk management strategy
10. Corporate Governance strategy.
11. List of countries in which the applicant carries on business as a broker and a certificate by the regulatory authority of such country indicating whether the applicant has consistently complied and is complying with the law in each country.
12. Proof of guarantee ceded to the registrar in the form of:
  - Fidelity insurance cover
  - Securities issued by the Government of Swaziland
  - Guarantee issued by a licensed bank or financial institution in terms of the Financial Institutions Act of 2005 or
  - Deposit with the Registrar an amount to be deposited into the Benefit Trust Fund in terms of section 43 of the Insurance Act, 2005

The guarantee amount should be equal to at least 20% of the expected premium that the broker expects to collect on behalf of the insurers in his next financial year and shall not be less than E50, 000.00.

13. Proof of professional indemnity insurance of E2, 000,000.00.
14. Application fee of E 1000.00 and registration fee of E2, 000.00.
15. Enclose a list of the persons who have an interest in the company and also their percentage interest (share certificates).
16. Enclose a declaration from each member of the board stating that they are unaware of any reason that might lead to the registrar refusing to approve registration in terms of section 16 of the Insurance Act.

17. Audited financial statements in respect of the applicant's last preceding financial year if the applicant is already conducting insurance business.
18. Financial projections for three years (indicating total expected premiums to be collected) of the business.
19. Application for approval of the use of the abbreviated name which should be accompanied by a statement from the Registrar General's Office confirming the exclusivity of the proposed name.
20. A declaration that the company has not entered into any agreement with an insurer giving the insurer preference in the placing of insurance business and shall not in future enter into such an agreement.
21. The central administration of policies should be situated in Swaziland and not be outsourced to any institution outside Swaziland.

In general all registration requirements set out in the Act as well as any other requirements that the Registrar may introduce from time to time, should be fully complied with in terms of the provisions of the Insurance Act and Regulations.

## **Agents**

A person wishing to carry on business as an insurance agent shall have suitable qualifications and experience in the insurance business of the class or classes of business which that person wishes to transact on behalf of an insurer or broker.

An insurer or broker wishing to grant a person an agency shall apply to the registrar in terms of section 19(3) of the Act of his intention in writing.

The application must be accompanied by:

1. The curriculum vitae of the applicant;
2. The educational qualification and work experience of that person;
3. The identity number of that person;
4. The name address and telephone number of the previous two employers of that person and
5. A copy of the agreement between the insurer or broker and that person.
6. Statement of character of the principal (creditability and police clearance)

An insurer or broker must notify the Registrar when an agent ceases to represent or transact on behalf of the insurer or broker.

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**SANDILE DLAMINI**  
**REGISTRAR OF INSURANCE AND RETIREMENT FUNDS**

## **Appendix D – Requirements for Corporate Agents and Main Representatives**



### **Requirements for Registration of Corporate Agents and Main Representatives**

In order to apply for a licence as a corporate insurance agent in Swaziland, the following requirements are applicable:

An insurer or broker wishing to grant a corporate entity an agency shall apply in writing, to the Registrar of Insurance and Retirement Funds in terms of Section 19 of the Insurance Act for registration of that entity as their agent.

An agent shall act only as an Insurance agent for an insurer or broker mentioned in their certificate of registration and shall operate under the terms and conditions of that insurer or broker as approved by the Registrar of Insurance and Retirement Funds.

Apply for the approval of the agency agreement in terms of Section 19(3) of the Act.

The application must be accompanied by:

1. The memorandum and articles of association of the corporate agent.
2. The company's certificate of incorporation.
3. Indicate persons who have shareholding in the company and the number of shares held.
4. Name and addresses of significant shareholders.
5. C.V. of the main representative/ CEO including educational qualifications and work experience of that person.
6. Police clearances of directors and principal representative.



7. A sworn statement of character of the Principal Representative.
8. Statement of the physical and contact details of the corporate agent.
9. Indicate the categories of insurance the agent is to sell on behalf of the insurer or broker.
10. An agency agreement between the principal and the corporate agent.
11. Fidelity guarantee cover equal to 20% of expected premium to be collected in any financial year and shall not be less than E 50,000.
12. Payment of non refundable application fee of E 1000.00 and E 500.00 registration fee.
13. Application for the approval of an auditor.
14. Recent audited financial statements of the corporate agent.
15. State any other businesses in which the agent has an interest.
16. Submit policies and procedures to be instituted that will ensure the separation of collected premiums from other corporate funds.
17. Indicate agreed period in which premiums are to be transferred to principal.

In the event, the corporate agent has agency agreements with more than one insurer or broker, the agreement must be for different types of products and application for registration must be submitted individually by each insurer or broker seeking to secure the services of the corporate agent.

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**SANDILE DLAMINI**  
**REGISTRAR OF INSURANCE AND RETIREMENT FUNDS**

## Appendix E - Insurers Application – Checklist

### Insurers Application – Checklist

STAPLE THIS CHECKLIST ONTO THE FILE AND MAKE A TICK(X) WHEN THE PIECE OF INFORMATION IS MADE AVAILABLE IN THE APPLICATION

Item	Description	Provided? (X)
1.	List of classes of insurance business to be underwritten	
2.	A certified copy of a certificate of incorporation as a public company together with an authenticated copy of the memorandum and articles of association of the company	
3.	A statement of proof of physical address of the principal office, being the premises where the business is going to be conducted.	
4.	A statement of appointed bankers of the company as well as proof and details of the company's trust account.	
5.	A statement (Business plan) showing:	
a.	The proposed underwriting policy of the company	
b.	Particulars of proposed reinsurance arrangements	
c.	The basis of premium rates	
d.	The company's investment strategy	
e.	Proof of paid up share capital	
6.	A certificate by an actuary certifying the financial soundness of the company's intended business plan. (Valuator's name, address, professional qualification and experience must be furnished in the statement)	
7.	The business' Corporate Governance strategy	
8.	The business risk management strategy	
9.	Audited financial statements in respect of the applicant's last preceding financial year if the applicant is already conducting insurance business.	

Item	Description	Provided? (X)
10.	Application for approval to use an abbreviated name for the company accompanied by the approval of the Registrar General of the exclusive use of the name.	
11.	Application for approval of an Auditor.	
12.	Application for approval of a Valuator (Valuator's name, address, professional qualification and experience must be furnished in the statement)	
13.	Application fee and	
14.	Registration fees	
15.	A list of the persons who are shareholders of the company showing each person's interest in the company.	
16.	Proof of repatriation or repatriation plan of all policy contracts written in Swaziland on or before the commencement of this Act, to the new Company. This should include the policy book as well as assets related to such book.	
17.	In addition, we require the following details of all shareholders, directors and principal representative:	
a.	Name, address, nationality and country of permanent residence	
b.	Qualifications, work experience and other professional and/or business interest	
c.	Full details of reputation and character (credit worthiness, bankruptcy, fraud, dishonesty, insolvency, disqualification as a director, etc.)	
d.	Professional and work conduct (dismissals, disciplinary actions, litigation, etc.)	
e.	Foreign insurance companies should also provide a list of countries in which the applicant carries on business as an insurer and a certificate by the regulatory authority	
	.	

Item	Description	Provided? (X)
18.	The central administration of policies, contracts and underwriting should be situated in Swaziland as well as the full management of operations should rest with the local principal representative and Board.	

Name of officer handling the file:.....

Date:.....

## Appendix F - Brokers and Agents Application – Checklist

### Brokers and Agents Application – Checklist

STAPLE THIS CHECKLIST ONTO THE FILE AND MAKE A TICK(X) WHEN THE PIECE OF INFORMATION IS MADE AVAILABLE IN THE APPLICATION

#### **BROKER**

<b>Item</b>	<b>Description</b>	<b>Provided? (X)</b>
1.	An application letter requesting approval for a licence	
2.	Indicate the type of insurance business you seek to market (short-term insurance and/or long-term insurance).	
3.	Types of classes of insurance business that will be marketed	
4.	Authenticated proof that the business is registered in Swaziland (certificate of incorporation and memorandum and articles of association)	
5.	A statement of the address of the company's physical office in Swaziland.	
6.	Curriculum vitae of the company's chairman, other directors and the principal representative	
7.	A statement with full details of applicant's reputation and character (credit worthiness, bankruptcy, fraud, dishonesty, disqualification as a director, insolvency)	
8.	A statement of professional and work conduct (dismissals, disciplinary actions, litigation, etc.)	
9.	In case of shareholders, a statement that includes but is not limited to difficult economic situation, involvement in illegal transactions such as money laundering	
10.	Police clearance certificate of all directors and principal representative.	

Item	Description	Provided? (X)
11.	Details of Trust Account	
12.	Risk management strategy	
13.	Corporate Governance strategy.	
14.	List of countries in which the applicant carries on business as a broker and a certificate by the regulatory authority of such country indicating whether the applicant has consistently complied and is complying with the law in each country	
15.	Proof of guarantee ceded to the registrar in the form of either:	
a.	Fidelity insurance cover,	
b.	Securities issued by the Government of Swaziland,	
c.	Guarantee issued by a licensed bank or financial institution in terms of the Financial Institutions Act of 2005 or	
d.	Deposit with the Registrar an amount to be deposited into the Benefit Trust Fund in terms of section 43 of the Insurance Act, 2005	

The guarantee amount should be equal to at least 20% of the expected premium that the broker expects to collect on behalf of the insurers in his next financial year and shall not be less than E50, 000.00.

16.	Proof of professional indemnity insurance of E2, 000,000.00.	
17.	Application fee of E1, 000.00 and registration fee of E2, 000.00	
18.	Enclose a list of the persons who have an interest in the company and also their percentage interest (share certificates).	
19.	Enclose a declaration from each member of the board stating that they are unaware of any reason that might lead to the registrar refusing to approve registration in terms of section 16 of the Insurance Act	
20.	Audited financial statements in respect of the applicant's last preceding financial year if the applicant is already conducting insurance business.	

21.	Financial projections for three years (indicating total expected premiums to be collected) of the business.	
22.	Application for approval of the use of the abbreviated name which should be accompanied by a statement from the Registrar General's Office confirming the exclusivity of the proposed name.	
23.	A declaration that the company has not entered into any agreement with an insurer giving the insurer preference in the placing of insurance business and shall not in future enter into such an agreement.	
24.	The central administration of policies should be situated in Swaziland and not be outsourced to any institution outside Swaziland.	

Name of officer handling the file:.....

Date:.....

## Appendix G - Individual Agent – Checklist

### Individual Agent – Checklist

STAPLE THIS CHECKLIST ONTO THE FILE AND MAKE A TICK(X) WHEN THE PIECE OF INFORMATION IS MADE AVAILABLE IN THE APPLICATION

A person wishing to carry on business as an insurance agent shall have suitable qualifications and experience in the insurance business of the class or classes of business which that person wishes to transact on behalf of an insurer or broker.

Item	Description	Provided? (X)
1.	An insurer or broker wishing to grant a person an agency shall apply to the registrar in terms of section 19 of the Act of his intention in writing.	
2.	The application must be accompanied by:	
a.	The curriculum vitae of the applicant;	
b.	The educational qualification and work experience of that person;	
c.	The identity number of that person	
d.	The name address and telephone number of the previous two employers of that person and	
e.	A copy of the agreement between the insurer or broker and that person.	
f.	Statement of character of the principal (creditability and police clearance)	



An insurer or broker must notify the Registrar when an agent ceases to represent or transact on behalf of the insurer or broker.

Name of officer handling the file:.....

Date:.....

## Appendix H - Corporate Agents and Main Representatives – Checklist

### Corporate Agents and Main Representatives – Checklist

STAPLE THIS CHECKLIST ONTO THE FILE AND MAKE A TICK(X) WHEN THE PIECE OF INFORMATION IS MADE AVAILABLE IN THE APPLICATION

In order to apply for a licence as a corporate insurance agent in Swaziland, the following requirements are applicable:

Item	Description	Provided? (X)
1.	An insurer or broker wishing to grant a corporate entity an agency shall apply in writing, to the Registrar of Insurance and Retirement Funds in terms of Section 19 of the Insurance Act for registration of that entity as their agent	
2.	An agent shall act only as an Insurance agent for an insurer or broker mentioned in their certificate of registration and shall operate under the terms and conditions of that insurer or broker as approved by the Registrar of Insurance and Retirement Funds.	
3.	Apply for the approval of the agency agreement in terms of Section 19(3) of the Act	
4.	Indicate the categories of insurance the agent is to sell on behalf of the insurer or broker	
5.	The application must be accompanied by	
a.	The memorandum and articles of association of the corporate agent	
b.	The company's certificate of incorporation	
c.	Indicate persons who have shareholding in the company and the number of shares held.	
d.	Name and addresses of significant shareholders	
e.	C.V. of the main representative/ CEO including educational	

Item	Description	Provided? (X)
	qualifications and work experience of that person.	
f.	Police clearances of directors and principal representative.	
g.	A sworn statement of character of the Principal Representative	
h.	Statement of the physical and contact details of the corporate agent	
i.	An agency agreement between the principal and the corporate agent.	
j.	Fidelity guarantee cover equal to 20% of expected premium to be collected in any financial year and shall not be less than E 50,000.	
k.	Payment of non refundable application fee of E 1000.00 and E 500.00 registration fee.	
l.	Application for the approval of an auditor.	
m.	Recent audited financial statements of the corporate agent.	
n.	State any other businesses in which the agent has an interest.	
o.	Submit policies and procedures to be instituted that will ensure the separation of collected premiums from other corporate funds.	
p.	Indicate agreed period in which premiums are to be transferred to principal.	
q.	In the event, the corporate agent has agency agreements with more than one insurer or broker, the agreement must be for different types of products and application for registration must be submitted individually by each insurer or broker seeking to secure the services of the corporate agent.	

Name of officer handling the file:.....

Date:.....

## **Appendix I - Criteria for Analysing Application**

### **Criteria for Analysing Application**

#### **Legal form of the company**

Applicants must be registered locally as a company under the Company's Act, 1912, with the main object of the company being that of carrying on business, that is of an insurance nature for insurer, that of an insurance broker and that of an insurance agency for Corporate agents.

#### **Control and ownership of the entity**

For insurers, a licence will be considered if an applicant meets the requirements of section 7 of the Act in terms of the ownership and control at the time of the application.

For insurance brokers, a licence will be considered if the applicant meets the requirements of section 17 of the Act in terms of the ownership and control at the time of application.

For Corporate Agents, a licence will be considered if an applicant meets the requirements of section 19 of the Act and for purposes section 19(1) registration of the company in terms of the Company's Act, 1912 will be sufficient to fulfil this requirement.

#### **Financial viability and strength**

Insurers must demonstrate long term financial viability, prudent risk management and claims reserving, underwriting policies and have access to sufficient financial resources to meet its liabilities.

Brokers and corporate agents should also display long term financial viability and prudent risk management.

Entities must also have the appropriate insurance covers in place to protect the entity against theft by its employees and the dispensing of inappropriate advice to clients which may result in financial losses suffered by the clients.

RIRF must be satisfied that insurers comply with minimum capital requirements as stated in the Act. Both insurers and brokers must submit a strong business plan in support of their operations.

### **Suitability of key employees**

The suitability of shareholders, directors, principal representatives and senior management are examined in light of a fit and proper test (Appendices J; K and L).

### **Service delivery**

An applicant must demonstrate that it has the necessary infrastructure and resources required to meet its obligations under the Act and to comply with the regulations, directives and guidelines issued by RIRF from time to time.

### **Corporate governance strategy**

Corporate governance refers to the framework by which the Board and Senior Management of institutions are held accountable for the operations of the organizations they oversee. The strategy must therefore indicate that:

It encompasses mechanisms, structures and processes that enable the Board of Directors to set policies and objectives of the institution monitor and evaluate its performance and take corrective action on time.

It encourages transparency, fairness and balance in the relationships among management, the Board, shareholders, Regulator and other stakeholders;

The Board of Directors and Senior Management are fully cognizant of the need to adopt sound principles and practices for the internal governance of the company.

The risk management activities of the institution are independent, accorded high priority and reviewed periodically;

A system to comply with legal and regulatory obligations is in place.

Measures are in place to ensure accountability and transparency in operations;  
It incorporates the need for the constant review of policies and procedures to ensure relevance as corporate governance policies evolve.

### **Risk management strategy**

The risk management function provides independent oversight of the management of risks inherent in the organisation's activities. The strategy must therefore demonstrate the presence of processes that will:

1. Identify current and emerging risks;
2. Develop risk assessment and measurement systems;

3. Establish policies, practices and internal control mechanisms that will be utilized in the management of identified risks;
4. Develop risk tolerance limits for Senior Management and Board approval;
5. Monitor positions against approved risk tolerance limits and report results of risk monitoring to Senior Management and the Board.
6. The insurer must demonstrate its awareness of potential risks that it is exposed to and how this identified risk will be managed.
7. Strategy must address the company's:
  - a) sensitivity of its earnings to potential changes in circumstances
  - b) whether returns are appropriate for the level of risk it has assumed
  - c) its ability in times of stress to meet obligations and provide a return on investment.
  - d) does the strategy cover policy on assessment, approval and payment of claims.

#### **Investment strategy**

1. Does the strategy achieve maximum asset allocation?
2. Are placements in compliance with investment requirements as stipulated in the Act and regulations?
3. Does the strategy ensure appropriate matching of assets to liabilities incurred?
4. Will the implementation of the strategy be in-house or out-sourced?
5. Investments must be done in the most cost effective manner.

#### **Professional indemnity and Fidelity Guarantee**

1. Check sufficiency in accordance with the Act and Regulations
2. Check the term of each policy and expiry date.
3. Check if the insured is actually the applicant
4. Check the conditions of the policy with focus on exclusions mentioned therein.

#### **Reinsurance arrangements (Insurers)**

Check if there are any reinsurance arrangements in place, including the types of treaties entered into and any special conditions arising from these treaties.

## **Appendix J - Fit and Proper Test (Criteria) for Chairman/ Chief Executive/Board of Directors of an Insurance Company**

### **Fit and Proper Test (Criteria) for Chairman/Chief Executive/Board of Directors of an Insurance Company**

Directors and/or senior managers of insurance companies must furnish proof of their professional qualifications and personal good repute by providing, for instance, certificates, details of their professional career, information on membership in professional bodies etc.

Criteria for assessing fitness and propriety of directors, chairman/chief executive of an insurance company are outlined under three captions as follows:

1. Honesty, integrity and reputation
2. Competence and capability
3. Financial soundness

Chairman/ president/ chief executive and directors will be gauged against these criteria to provide a basis for the decision by the Registrar as to whether or not the promoters have the capacity to act as an insurer under the Insurance Act 2005.

#### **Honesty, Integrity and Reputation**

In determining a person's honesty, integrity and reputation, the office of the Registrar will have regard to matters including, but not limited to those set out below. The Registrar should be informed of these matters and will treat each application on a case by case basis, taking into consideration the seriousness of, and circumstances surrounding the offence, the explanation offered by the convicted person, the relevance of the proposed offence to the proposed role, the passage of time since the offence was committed and evidence of the individual's rehabilitation.

Honesty, integrity and fairness are qualities that are demonstrated over time. These attributes demand a disciplined, on-going commitment to high standards of behaviour and honesty. The promoters of an insurance company while selecting/recommending/appointing a person as a Board Member shall ensure that the person:

- a) Has not been convicted in any criminal offence, involved in any fraud/forgery, financial crime, embezzlement, money laundering, etc
- b) Has not been associated with any illegal activity especially relating to financial sector

- c) Has not been in default of payment of dues owed to any financial institution and / or default in payment of any taxes in an individual capacity or as Proprietor of a business, partner in a partnership firm, director, chairman, president or Chief Executive in any private or public limited company which has defaulted in payment of its dues to financial institutions/tax authorities.
- d) Has not been subject to any adverse findings or any settlement in civil/criminal proceedings particularly with regard to investments, financial/business misconduct, fraud, information or management of a corporate body etc.
- e) Has not contravened any of the requirements of financial regulatory system or the equivalent standards of requirements of other regulatory authorities, stock exchanges, professional bodies or government bodies
- f) Has not been involved with a company/firm or other organisation that has been refused registration, authorization, membership or licence to carry on trade, business or profession, or has had that registration, authorization, membership or licence revoked, withdrawn or terminated.
- g) Has not been refused the right to carry on trade, business or profession as a result of the removal of relevant licence, registration or other authority.
- h) Has not been a director, partner or concerned in the management or administration of a business that has gone into insolvency or involuntary liquidation, while the person has been connected with that organization or within one year of that connection
- i) Has not been debarred from being Chief Executive, Chairman or Director of a company
- j) Has not been dismissed, or asked to resign from employment or from a position of trust, fiduciary appointment or similar and

### **Competence and capability**

The Directors on the board of an insurance company:

- a) should be individuals having management/business experience of at least five years at a senior level in an active capacity
- b) should be professionally qualified. Professional qualification requires theoretical and practical knowledge in insurance as well as managerial experience. These requirements would be deemed met if an activity of several years for an insurance company of the same kind and size can be proven. Expert knowledge in the field of banking, mutual funds, accounting, internal audit, law and IT etc may also be considered if the person concerned has occupied a managerial post.
- c) should not be minors or of unsound mind and
- d) should have their names borne on the register of national tax payers except where such person is a non-resident



The Chief Executive must demonstrate his competence and ability to understand the technical requirements of the business, inherent risks and management processes required to conduct its operations effectively, with due regard to the interests of all stakeholders. In determining competence, and capability of the Chief Executive, the Registrar shall take into account all relevant considerations including, but not limited to:

- a) whether the person has demonstrated, through his qualifications and experience, the capacity to successfully undertake the cognate responsibilities of the position
- b) whether the person has ever been diagnosed as being mentally ill or unstable
- c) whether the person has ever been disciplined by a professional, trade or regulatory body, or dismissed or requested to resign from any position or office for negligence, incompetence or mismanagement; and
- d) whether the person has a sound knowledge of the business and responsibilities and responsibilities he/she will be called upon to shoulder.

### **Financial Soundness**

In determining a person's financial soundness, the Registrar will consider all relevant factors, including but not limited to:

- a) whether the person has been associated with any illegal activity specially relating to life assurance, mutual funds, banking or other financial sector business.
- b) whether the person has been in default of payment of dues owed to any financial institution and/or default in payment of any taxes in an individual firm or in any private unlisted and listed company.
- c) whether the person has made any arrangements or composition with his creditors, filed for bankruptcy, been adjudged bankrupt, had assets sequestrated, or been involved in proceedings relating to any of these
- d) whether the person has been declared a defaulter of a stock exchange

### **Prior clearance**

The insurance company shall submit the information about the Board Members, Chairman/Chief Executive, to the Registrar for clearance at the time of applying for registration.

## **Appendix K - Fit and Proper Test for Appointment of Key Employees of an Insurance Company**

An insurance company or applicant for registration as a person authorised to carry on insurance business would observe the guidelines in the “Fit and Proper Test” for appointment of key employees particularly those having the following responsibilities:

- a) Head of operations
- b) Chief Financial Officer
- c) Members of the Underwriting Committee
- d) Members of the Claim Settlement Committee
- e) Members of the Reinsurance Committee
- f) Members of the Investment Committee
- g) Head of Actuary (life insurers only)
- h) Head of Internal Audit
- i) Head of Information Systems and Technology
- j) Head of Sales/Marketing Department

It is the responsibility of the Board of Directors to make sure that the aforementioned appointments are made in strict compliance with the Fit and Proper Test. Even though prior approval by the Registrar is not required, the companies shall report brief information of such appointments at the time of registration as an insurer or as and when made for information and record within 7 days from date of joining the company.

In case it is found during the course of an inspection that guidelines of the Fit and Proper Test have not been followed or the incumbent is not a fit and proper person for the position, strict punitive action will be taken under the relevant provisions of the Insurance Act 2005, in addition to directing the company to dispense of the services of the concerned officer if recently recruited or in the case of an existing employee, the officer to be transferred from the post immediately.

### **Fit and Proper Test**

#### **Honesty, Integrity and Reputation**

- a) He/she has not been convicted of any criminal offence, particularly offences of dishonesty, fraud, financial crime or other offences under legislation relating to banking and financial services
- b) He/she has not been subject of any adverse findings or any settlement in civil/criminal proceedings particularly with regard to investments,

- financial/business, misconduct, fraud, formation or management of a body corporate etc.
- c) He/she has not contravened any of the requirements and standards of regulatory system or the equivalent standards of requirements of other regulatory authorities, which would adversely reflect on the above areas.

### **Competence and Capability**

He/she must have adequate professional qualifications and experience commensurate to the job as determined by the Insurance Company

### **Track Record**

- a) He/she has not been removed/dismissed in the capacity of an employee, director/chairman on account of financial frauds, moral turpitude, misconduct and misappropriation of funds
- b) No material adverse reports, from past employers of the person being considered for the key executive post.

### **Financial soundness**

He/she has not been in default of payment of dues owed to any financial institution and/or has not been declared as defaulter in payment of any taxes in individual capacity or as proprietary concern.

### **Conflict of Interest**

He/she does not head more than one functional area that give rise to conflict of interest within the organization. For example the departments of audit and accounts cannot be headed by the same person.

## **Appendix L- Assessment of Financial Statements / Business Plan**

### **What To Look For When Assessing Financial Statements:**

1. Check the title for correctness of name of entity being assessed and financial year under review,
2. Calculate relevant ratios e.g. expense ratio to determine the trend in company's expenses, solvency ratio to determine compliance with stipulated minimums, liquidity ratios to determine whether the company would have enough resources available to meet liabilities when they fall due, claims ratio and profitability ratios, to determine the trend in claims logged and paid as well as to determine the reason for profitability or not of the company.
3. Check Auditor's opinion and reasons for qualification of statements.
4. Are the auditors approved in terms of the Act?

### **What To Look For When Assessing A Business Plan:**

1. Check for completeness of the plan in terms of content e.g. description of business, marketing strategy, product offering, management structure, financial plan, projections of income, cash-flow, risk management strategy etc
2. Assess the realism of the plan in terms of availability of market, has the market been tested, how great is the need for the product in the market, is the product the first of its kind or is there a similar product already in the market, what is the existing demand for the product, presence of competitors, any competitive advantage identified for the company e.g. product offering and placement of the company.
3. Assess the viability of the plan in terms of availability of start up capital, is there a return on investment envisaged and its magnitude, can an appropriate site be obtained, any legal problems that need to be dealt with, is the business seasonal or not, can sufficient working capital be easily obtained, what are the sources of financing, are sufficient human resources available, are there any specialised skills needed.
4. Does the corporate governance strategy include the creation or ongoing monitoring systems of checks and balances to ensure a balanced exercise of power within the company, compliance with legal and regulatory obligations, the identification and management of risks that are a threat to the company's continued existence and the development of practices which make and keep the company accountable to the broader society in which it operates.

**References:**

1. Insurance Act, No. 7, of 2005
2. King Report on Corporate Governance for South Africa, 2002
3. Fit and Proper Guideline, Central Bank of Trinidad and Tobago, 2005
4. IAIS Core Principles