

FINANCIAL SERVICES ACT

The text below is an internet version of the Rules made by the Financial Services Commission under section 93 of the Financial Services Act and is for information purposes only. Whilst reasonable care has been taken to ensure its accuracy, the authoritative version is the one published in the Government Gazette of Mauritius (GN No. 197 of 2016) read together with subsequent amendments in the Government Gazette of Mauritius.

FSC Rules made by the Financial Services Commission under section 93 of the Financial Services Act 2007

(Consolidated version with amendments as at 04 September 2021)

1. Citation

These rules may be cited as the Financial Services (Funeral Scheme Management) Rules 2016.

2. Interpretation

In these rules –

“Act” means the Financial Services Act;

“admitted assets” has the same meaning as defined in the Third Schedule;

“admitted liabilities” are liabilities of a funeral scheme management business determined in accordance with guidelines set out in Second Schedule;

“association” has the same meaning as in the Registration of Associations Act;

“funeral scheme contract” means a contract by which a person or group of persons, in consideration for an advance payment, by a lump sum or instalments, enters into an arrangement with a funeral scheme manager for the provision of funeral services to that person or those persons, at the time of his or their death;

“funeral scheme management business” means the business of managing proceeds received under a funeral scheme contract with a view of fulfilling obligations arising under that contract;

“funeral scheme manager” means a person licensed by the Commission to carry on funeral scheme management business;

“funeral services” means the cremation or burial of a deceased person and any associated services under a funeral scheme contract;

“funeral services provider” means a person providing funeral services;

“holder of funeral scheme contract” means a person who enters into a funeral scheme contract with a funeral scheme manager and includes any person entitled to be provided with funeral services under a funeral scheme contract.

Amended by [GN No. 222 of 2021]

3. Application of the rules

- (1) These rules shall apply to any person, excluding an association, carrying out funeral scheme management business.
- (2) In these rules, carrying out funeral scheme management business includes any representation, express or implied, that a person is carrying out funeral scheme management business.
- (3) These rules shall be read in conjunction with the relevant Acts and guidelines which the Commission may issue from time to time.

4. Application for a licence

- (1) No person shall carry out funeral scheme management business in Mauritius without a funeral scheme management licence issued by the Commission.
- (2) An application for a funeral scheme management licence shall be made in accordance with Part IV of the Act.
- (3) The objects of a funeral scheme manager shall be limited to funeral scheme management business and operations directly related to funeral scheme management business.

5. Management

A funeral scheme manager shall be managed by a board of directors consisting of at least one independent non-executive director.

6. Ongoing obligations

- (1) A funeral scheme manager shall, at least 30 days before launching any product to the public, provide the Commission with a copy of the scheme documents which shall include sales literature, specimen funeral scheme contract and any other supporting information as the Commission may require.
- (2) A funeral scheme manager shall, at all times, have and maintain a minimum stated unimpaired capital of not less than 500,000 rupees or such higher amount as the Commission may determine.
- (3) A funeral scheme manager shall be covered by an adequate professional indemnity insurance policy which shall indemnify the funeral scheme manager, its employees and any person acting on its behalf, against liability in the sum of at least 2 million

rupees for any act, error or omission in the conduct of the funeral scheme management business.

- (4) A funeral scheme manager shall ensure that all monies received from holders of funeral scheme contracts are properly segregated and identifiable from its own funds.
- (5) (a) A funeral scheme manager shall at all times keep its assets invested in Mauritius unless otherwise approved by the Commission.

(b) A funeral scheme manager shall, at all times, keep:
 - (i) its admitted assets at least equal to its admitted liabilities; and
 - (ii) its investment in liquid assets an amount equivalent to a minimum of 3 months of expenses inclusive of claims as certified by its actuary or such other amount and on such conditions as may be determined by the Commission.
- (6) (a) An officer, the auditor or the actuary of a funeral scheme manager who knows or reasonably suspects that the funeral scheme manager does not meet the requirement of rule 6(5)(a) and rule 6(5)(b) shall forthwith inform the Commission in writing.

(b) Where the value of the admitted assets is less than the value of the admitted liabilities, the funeral scheme manager shall make good the deficiency without delay or furnish forthwith –
 - (i) a report by the actuary on its solvency position or on such matters as may be requested by the Chief Executive;
 - (ii) a remedial plan certified by the actuary for restoring its solvency in accordance with rule 6(5)(b).

Amended by [GN No. 222 of 2021]

7. Filing requirements

- (1) Without prejudice to section 30 of the Act, a funeral scheme manager shall submit to the Commission, not later than 6 months after the close of its financial year, a statement of its business handled during that financial year in the manner specified in the First Schedule.
- (2) (a) Where a funeral scheme manager was carrying out funeral scheme management business at the time of the coming into operation of these rules, it shall, at the time of application for a funeral scheme management licence, submit to the Commission a report by the actuary on its solvency position or on such matters as may be requested by the Chief Executive.

- (b) Where the report stated in rule 7(2)(a) shows a shortfall in its admitted assets, the funeral scheme manager shall make good the deficiency without delay or furnish forthwith a remedial plan certified by an actuary for restoring its solvency in accordance with rule 6(5)(b).
 - (c) Where a person was not carrying out funeral scheme management business at the time of the coming into operation of these rules, it shall, at the time of application for a funeral scheme management licence, submit to the Commission, a business plan together with a feasibility study conducted and certified by an actuary.
 - (d) A funeral scheme manager shall, at least once in every period of 3 years, cause an audit of its solvency position to be conducted by an actuary.
- (3) An audit under paragraph (2) (d) shall be conducted according to the guidelines set out in the Second Schedule.
 - (4) A funeral scheme manager shall submit to the Commission a report of the actuarial audit, conducted under paragraph (2) (d), not later than 6 months from the completion of the audit.
 - (5) In this rule –

“actuary” means a person who shall be a fellow of such professional body as the Commission may approve.

Amended by [GN No. 222 of 2021]

8. Complaints handling

A funeral scheme contract shall specify the manner in which a funeral scheme manager shall handle complaints and shall include the name and contact details of the person to whom a complaint may be made.

9. Transitional provision

Any person who, before the commencement of these rules, was carrying out or holding himself out as carrying out funeral scheme management business in Mauritius shall, within 6 months of the coming into operation of these rules, apply to the Commission for a funeral scheme management licence and shall comply with the requirements of the Act and these rules.

10. Commencement

These rules shall come into operation on 01 October 2016.

Made by the Financial Services Commission on 27 September 2016.

Contracts terminated, cancelled or discontinued

Contract number	Amount reimbursed (if any)	Date of payment	Reason for termination

SECOND SCHEDULE
[Rule 7(3)]

FUNERAL SCHEME TECHNICAL ACTUARIAL GUIDELINES

1. Purpose

- (1) These Guidelines are meant to provide the minimum standards for the actuarial audit to be performed in respect of the determination, calculation and verification of the assets and liabilities of a funeral scheme management business.
- (2) Information provided to holders of funeral scheme contracts shall be relevant, comprehensive and sufficient to support decisions taken by the funeral scheme manager and shall include information on risk and uncertainty.

2. Judgement

- (1) Judgment may be needed on matters such as the measures to be used to estimate the value of the assets or the liabilities of the funeral scheme management business and the rate of inflation applying to the costs of funeral services.
- (2) Every judgment shall be exercised in a reasonable and justifiable manner.

3. Assumptions

- (1) Any assumption used in, or proposed for use in, valuation of assets and liabilities shall be appropriate and derived from as much relevant information as may be required.
- (2) Every relevant information shall include matters such as financial and economic outlook, recent mortality experience and other demographic conditions.
- (3) No adjustment shall be made to any assumption used in, or proposed for use in, the valuation of asset or liability to compensate for any shortcoming in another unrelated assumption.

4. Discount rates

An actuarial audit report shall, for work which includes the determination of the present values of cash flows, explain –

- (a) the nature and characteristics of the cash flows being discounted;
- (b) the derivation of the discount rates;
- (c) the rationale for the inclusion of and the derivation of any illiquidity premium included in the discount rate;

(d) the implication of adopting the discount rates.

5. Mortality rates

Mortality assumptions shall be based on statistics derived from a wider base such as publicly published mortality tables, which have to be adjusted to take into account the funeral scheme management business' own experience, as is available, socio-economic group and location.

6. Changes in methods or assumptions

- (1) Any changes in the method or assumption between consecutive actuarial exercises shall be explained.
- (2) The overall effect of the change in the method on the result shall be quantified in the actuarial report.

7. Actuarial audit reporting

- (1) An actuarial audit report shall include an estimate of the value of the liabilities of a funeral scheme management business and explain how –
 - (a) adverse risks to and uncertainty in the liability cash flows have been taken into account in the estimate;
 - (b) the estimate allows for any discretionary increments to the amounts payable from the funeral scheme management business;
 - (c) the estimate is derived from the liability cash flows.
- (2) The report shall –
 - (a) value the assets of a funeral scheme management business at fair value; and
 - (b) explain the rationale behind measures used to quantify the value of the assets.
- (3) The report shall indicate the effect of uncertainty in the estimate of the value of assets and liabilities by considering the impact of adverse scenarios.
- (4) The report shall include the opinion of the actuary on the pricing of the funeral scheme contract.
- (5) The report shall include:
 - (a) a list of admitted assets backing the admitted liabilities, together with the duration of the assets and liabilities;

(b) a statement showing the appropriateness of the admitted assets relative to the admitted liabilities and the degree of matching; and

(c) a projection showing the cash flow position for next 10 years.

Inserted by [GN No. 222 of 2021]

(6) The report shall include a statement of the solvency position as at valuation date and an estimate of the expected solvency position for each of the next three consecutive years.

Inserted by [GN No. 222 of 2021]

THIRD SCHEDULE
[Rule 2]

The admitted assets of a funeral scheme manager shall, at all times, exclude:

- (a) loans;
- (b) an asset that is mortgaged or charged to the extent of the balance of the outstanding debt relating to the mortgage or charge;
- (c) debenture of, or share in a related corporation to the funeral scheme manager;
- (d) receivables except for rent, interest from a financial institution, proceeds under a funeral scheme contract that became due to the funeral scheme manager within 6 months;
- (e) an intangible asset;
- (f) operational assets, including supplies, furniture, motor vehicles, office equipment and computers;
- (g) prepaid expenses and deferred charges;
- (h) investments in related companies and unlisted companies;
- (i) derivatives;
- (j) investments in virtual assets;
- (k) such other assets as may be determined by the Commission.

Inserted by [GN No. 222 of 2021]
