

Frequently Asked Questions

Structured Investment Linked Insurance Business (“SILIB”)

1. What is a structured investment-linked insurance policy?

A structured investment-linked insurance policy is a long term insurance policy wrapped around the policyholder’s own investment portfolio, providing life insurance coverage and savings/investment features.

Under a structured investment-linked insurance policy, the benefits are, wholly or partly, determined by reference to the value of, or the income from, the investment portfolio of the policyholder.

Each policyholder shall have a dedicated investment portfolio which may include assets/investment, both existing at inception and assets/investment accruing over the future term of the policy.

2. Who can issue a structured investment-linked insurance policy?

- (i) A new long term insurance company duly licensed by the Financial Services Commission, Mauritius (“FSC”) to write all classes of long term insurance business.
- (ii) An existing long term insurance company duly approved by the FSC to carry out the SILIB class of insurance business.

3. Who can provide advice on structured investment-linked insurance policies?

Only the following qualified intermediaries can provide advice on structured investment-linked insurance policies:

- (i) a person holding both an Investment Adviser (Unrestricted) licence issued under the Securities Act and, an Insurance Broker licence issued under the Insurance Act; or
- (ii) an independent financial adviser duly licensed in a foreign equivalent jurisdiction.

4. Who are SILIB’s intended market?

The target market for SILIB are High Net Worth Individuals (“HNWIs”) and financially sophisticated clients with existing asset portfolios. SILIB policies can be used by those clients for wealth management and succession planning purposes.

5. What is the minimum premium size?

The minimum single premium amount has been set at USD 250,000 or its equivalent in any other currency.

If the policy is underwritten through regular premiums instead of a single premium, the expected total regular premiums under the full term of the contract must be a minimum of USD 250,000 or its equivalent in any other currency at the date of inception.

6. Are there any restrictions in the investment portfolio of a structured investment-linked insurance policy?

No.

The policyholder's investment portfolio may include, but is not restricted to, cash, units in investment funds, securities (shares, bonds, derivatives, etc) property as well as listed and non-listed investments. There is no geographical restriction on assets held in a structured investment-linked insurance policy.

7. Are the assets in each structured investment-linked insurance policy segregated from other insurance assets?

Yes.

The assets under each structured investment-linked insurance policy have to be segregated and held separately for each policyholder with a custodian.

Custodians and any sub-custodians must be approved by the FSC.

8. Is SILIB a long term insurance business?

Yes, SILIB is a long term insurance business.

As a matter of policy, the FSC shall allow SILIB where a life insurance coverage is included. The life insurance coverage is provided by the insurer to the policyholder and the benefits upon death or termination of the policy are, wholly or partly, determined by reference to the value of the policyholder's dedicated investment portfolio.

9. What is the advantage of SILIB?

SILIB is an investment concept combining the protection offered by an insurance policy with wealth management and succession planning in accordance with the legal and tax regimes applicable in the policyholder's country of residence. This comprehensive wealth-planning instrument delivers tailor-made financial solutions for HNWIs.

10. What is the legal and tax treatment for SILIB?

The legal and tax treatment for the proceeds of a structured investment-linked insurance policy will be as per the taxation laws and rules which are applicable to the policyholder, depending on the latter's tax residency.

11. What changes have been made to the Mauritian legislation to accommodate SILIB?

SILIB has been introduced in the Insurance Act as a class of long term insurance business.

The relevant existing FSC Rules and Regulations applicable to long term insurance business have also been amended to allow for the features of structured investment-linked insurance policies.

Moreover, the Insurance (Structured Investment-Linked Insurance Business) Rules 2022 which prescribe the specific requirements applicable to SILIB have been issued and came into operation on 3 September 2022. Additional details can be accessed on [SILIB Communiqué](#).

There are no changes in the Code Civil Mauricien or Tax legislations.

12. How is a structured investment-linked insurance policy different from a linked long term insurance policy?

The main difference is that, each structured investment-linked insurance policy is backed by a segregated fund which is specific to that one policy, whereas the assets of linked long term insurance policies' are pooled together and open to all linked long term policyholders.

The nature of the segregation of funds means that the expense charges, investment choices and permitted assets are different for structured investment-linked insurance and for linked long term insurance policies.

13. Should insurers conducting SILIB comply with Anti-Money Laundering and Combatting Financial Terrorism (AML/CFT) laws?

Yes. Long term insurers fall under the definition of "financial institution" under the Financial Intelligence and Anti-Money Laundering Act ('FIAMLA').

As such, all long term insurers, irrespective of whether conducting SILIB or not, shall ensure strict adherence to AML/CFT requirements provided under the FIAMLA, regulations made under it, relevant Acts, and any applicable guidelines issued by the FSC.

Custodians licensed by the FSC are also required to independently comply with AML/CFT requirements provided under the FIAMLA, regulations made under it, relevant Acts and any applicable guidelines issued by the FSC.

14. How will SILIB be reflected in the solvency calculations of Insurance Companies?

The solvency requirements will be similar to those applicable to linked long term insurance business.

As per the amended Insurance (Long-Term Insurance Business Solvency) Rules 2007, the assets under SILIB policies will not be subject to investment concentration limits.

As with Unit Linked business, the liability under SILIB will be linked to the value of the underlying investments and thus, the investment risk to the insurance company will be generally low.

The non-investment related risks will depend on the benefit structure for each SILIB, and the effect on solvency will vary based on this.