

Government Notice No. 197 of 2016

FINANCIAL SERVICES ACT

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

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;

“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.

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 funeral scheme manager shall only invest in liquid assets.

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 on its solvency position certified by an actuary.

- (b) 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.
 - (c) 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 (1) (c) 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 (1) (c), 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.

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 1 October 2016.

Made by the Financial Services Commission on 27 September 2016.

FIRST SCHEDULE

[Rule 7(1)]

Statement of business handled during financial year ending

Funeral Scheme Manager

(Name)

Licence number

Description	Number	Value (Rs)
Contracts in force at the beginning of the year		
Add – new contracts issued during the year		
Less – (1) Contracts for which services were fully performed (attach list as specified in Appendix 1)		
(2) Contracts terminated, cancelled or discontinued (attach list as specified in Appendix 2)		
Contracts in force at the end of the year		

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. Judgment

- (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.
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Government Notice No. 198 of 2016

FINANCIAL SERVICES ACT

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

1. Citation

These Rules may be cited as the Financial Services (Consolidated Licensing and Fees) (Amendment No. 3) Rules 2016.

2. Interpretation

In these rules –

“principal Rules” means the Financial Services (Consolidated Licensing and Fees) Rules 2008.

3. The principal Rules amended

The First Schedule to the principal Rules is amended, in PART I, under the heading “**FINANCIAL SERVICE PROVIDERS/ ACTIVITIES**”, by inserting immediately after item FS-1.10, the following new item –

FS-1.11	Funeral Scheme	14	Rs 25,000	Rs 50,000	-
	Management				

4. Commencement

These rules shall come into operation on 01 October 2016.

Made by the Financial Services Commission on
27 September 2016.
