



**Financial Services Commission
Mauritius**

CIRCULAR LETTER

CL2 – 270617

27 June 2017

To: Insurance Companies structured as PCCs and
Professional Reinsurers structured as PCCs

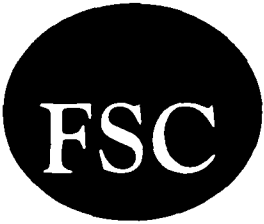
Dear Sir/Madam

New procedures for application for approval of creation of cells

With the aim to streamline the application process for approval of creation of cells under section 7(2) of the Protected Cell Companies Act 1999, and to achieve greater transparency, consistency and efficiency in the approval process, the Financial Services Commission ('Commission') is introducing new procedures as detailed hereunder.

1. Application Form for creation of cell

- 1.1. In order to streamline and standardise applications received at the Commission, all applications for approval of creation of cell will henceforth be required to be submitted as per the Application Form annexed hereto.
- 1.2. The Application Form will enable applicants to provide the comprehensive information required by the Commission for its assessment of the application.
- 1.3. The list of required documents at section 4 of the Application Form should also be duly submitted. Applicants are reminded that the onus is on them to submit complete applications.
- 1.4. Notwithstanding the above, the Commission may call for any additional information and/or documents to be submitted by the applicant as it may deem appropriate.



2. Introduction of processing and annual fees in respect of cells

2.1. In order to harmonise and ensure consistency across sectors under the regulatory purview of the Commission, the Financial Services (Consolidated Licensing and Fees) Rules 2008 have been amended to introduce a fee structure for processing and annual fees in relation to companies structured as Protected Cell Companies ('PCCs') and falling under the provisions of the Insurance Act 2005.

2.2. The Financial Services (Consolidated Licensing and Fees) (Amendment) Rules 2017, which may be consulted on the website of the Commission (<https://www.fscmauritius.org/media/3987/financial-services-consolidated-licensing-and-fees-amendment-rules-2017.pdf>), have introduced the following fee structure:

Code	Licence	Processing Fee (USD)	Fixed Annual Fee (USD)	Variable Annual Fee - payable on quarterly basis (USD)
INS-1.1Av	Long-Term Insurance Business (Protected Cell Company)	USD 2,500 for the first cell and USD 750 for every additional cell	USD 3,000 for the first cell and USD 600 for every additional cell	(0.35% * Gross Premium from policies issued)
INS-1.2Av	General Insurance Business (Protected Cell Company)	USD 2,500 for the first cell and USD 750 for every additional cell	USD 3,000 for the first cell and USD 600 for every additional cell	(0.35% * Gross Premium)
INS-1.3Av	External Insurance Business (Protected Cell Company)	USD 1,000 for the first cell and USD 300 for every additional cell	USD 1,500 for the first cell and USD 300 for every additional cell	Not applicable
INS-1.4Av	Professional Reinsurer (Protected Cell Company)	USD 1,000 for the first cell and USD 300 for every additional cell	USD 1,500 for the first cell and USD 300 for every additional cell	Not applicable

2.3. Henceforth, applicants for an insurance business licence intending to be structured as PCCs should apply under the corresponding new licence code as described above.



- 2.4. Upon application for a licence, such applicant will pay the applicable processing fee which will include the creation of the first cell, and after being licensed, the PCC will pay the required processing fee in respect of every additional cell.
- 2.5. In the same vein, PCCs will henceforth pay fixed annual fees (as well as variable annual fees, as applicable) based on their structure and number of cells.
- 2.6. The new fee structure introduced by the Financial Services (Consolidated Licensing and Fees) Rules 2008 will be effective as from 01 July 2017.
- 2.7. Existing insurance companies structured as PCCs and licensed prior to 01 July 2017 must, **within 2 months of this Circular Letter**, return their current licence to the Commission so that a licence with the appropriate licence code may be issued.

Yours faithfully,

P.K Kuriachen

Acting Chief Executive

THE FINANCIAL SERVICES COMMISSION

APPLICATION FORM FOR

CREATION OF CELL IN A PROTECTED CELL COMPANY CONDUCTING INSURANCE BUSINESS *(Pursuant to Section 7 of the Protected Cell Companies Act 1999)*

NAME OF PROTECTED CELL COMPANY (APPLICANT)

NAME OF CELL PROPOSED TO BE CREATED

CONTACT PERSONS HANDLING APPLICATION ON BEHALF OF THE APPLICANT

	Person 1	Person 2
Name:		
Position:		
Signature:		
Date:		

FOR OFFICIAL USE

Applicants Should Not Write Below This Line

Date of Application

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Date of Receipt:

				2	0		
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FSC Code:

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Disclaimer

The Commission will assess each application on its own merits. Incomplete applications are deemed to delay the whole approval process. The Commission may call the applicant and/or the Management Company for meetings where applications may be complex or where business plans are unclear. The Commission will not yield to any pressure from applicants and/or Management Companies to grant approvals unless it is satisfied with the contents of the submissions.

Notes:

- (i) Henceforth, the Commission will require that all applications be accompanied by this Application Form.
- (ii) All incomplete applications received by the Commission will be returned to the Management Company.
- (iii) The applicant is required to immediately inform the Commission of any material change to the information submitted at the time of application.
- (iv) The information/documents required vide this Application Form must not be considered exhaustive. The Commission may require the applicant to provide additional information and documents at any time after the application has been made, in order to enable it to properly process the application.
- (v) Upon inadequate or no response within two (2) months from the date of its last query, the Commission shall not proceed further with the application. After these two months, the Management Company will have to submit a fresh application should the applicant still wish to create the cell.
- (vi) The FSC reserves the right to amend the Application Form to reflect any change in relevant laws, regulations, rules and policy guidelines.
- (vii) Additional sheet(s) may be used, if necessary, to submit the required information.

1. INFORMATION ON THE PROTECTED CELL COMPANY

Licence Number	
Management Company	
Activity	
Group Structure	
Share Capital	
Board of Directors	1. 2. 3. 4. 5. 6. 7.
No of Existing Cells	
List of all Existing Cells and corresponding date of creation	1. 2. 3. 4. 5.

2. CAPITAL STRUCTURE (after proposed creation of cell)

Share Capital (at par value/at no par value)			
Stated Capital		Amount to be represented at no par value	
	Types and Classes of Shares (specify whether issued and fully-paid)	Number of Shares	Amount (Rs)

3. GENERAL DETAILS ON CELL PROPOSED TO BE CREATED ('hereinafter the cell')

1. The rationale for setting up the cell in the Republic of Mauritius:

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2. Category of insurance business proposed to be conducted:

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3. Classes of insurance business proposed to be conducted:

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4. Nature of risks to be insured by the cell:

.....

5. Details of the products of the cell:

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6. Submit all policy documentation and related marketing materials (in the case of reinsurance, submit agreements).

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7. Confirm that the business activity of the cell is not different from the business activity of the Protected Cell Company:

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8. Submit appropriate applications and details on the following (if different from the Protected Cell Company):

- Auditors
- Actuaries

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9. Submit the cell share agreement

Attached: Annex

10. Share Capital Structure of the cell:

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11. Amount paid up and banking details:

.....

12. In respect of the cell, provide details of :

Entity / Persons	Details
Promoters	
Immediate holding company	
Intermediate shareholders	
Ultimate holding company	
Ultimate Beneficial Owners	
Controlling shareholder*	

**Controlling shareholder refers to any person/entity who/which is entitled to exercise or control the exercise, either directly or indirectly, of 20 per cent or more of the voting power of the applicant.*

13. Provide a group structure chart:

- Identifying ownership arrangements of the cell, including beneficial owner(s);
- Specifying percentage of holdings;
- country of residence of each entity; and
- Indicating whether each entity is licensed by a financial services authority.

Attached: Annex

14. If shares in the cell's ultimate parent are traded on a Stock Exchange, please identify the Exchange:

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15. Identify shareholders holding more than 5% of interest in ultimate parent:

.....

.....

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16. Provide the names and addresses of all natural persons who are ultimate beneficial owners of the cell, showing the percentage interest held directly and/or indirectly by each beneficial owner (current and proposed):

Full name of individual	Address	Number of shares / percentage interest

Attached (PQ and CDD documents): Annex

17. Is a trust involved or is to be involved in the ownership chain of the cell?

Yes No

If yes, please provide the following details:

- A certified copy of the Trust Deed
- Profile of beneficiaries
- Profile of settlor(s)
- Profile of trustee(s)
- The relationship between the settlor(s) and the beneficiaries
- An indication of assets value held by the trust
- In the case of a discretionary trust: Confirmation that the Commission will be provided with the appropriate CDD documents on beneficiaries as and when distributions are made.

18. Provide details of the proposed method of capitalisation of the cell (whether by way of paid up share capital or otherwise):

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19. Provide details of the origin of the source of funds to support the cell:

.....

20. Confirmation from the MC that appropriate measures have been taken in accordance with the Code on the Prevention of Money Laundering and Terrorist Financing to establish the source of funds.

Attached: Annex

21. Provide details of any additional financial support of the cell:

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22. State whether it is intended that the cell be financially supported by the capital of the core/Protected Cell Company:

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23. Confirmation that a proper recourse agreement between the cell and the core is in place:

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24. Provide details of alternative plans in the event of losses incurred in the formative years:

.....

25. Submit an undertaking from the Board of the Protected Cell Company that it will provide capital for ongoing capital and solvency needs of the cell, should the need arise.

Attached: Annex

26. Provide details of any reinsurance/retrocession programmes of the cell and copies of draft agreements:

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27. Provide a summary of the reinsurance/ retrocession programme, if applicable:

Full name of reinsurer(s)	Security rating(s)	Attachment

28. Provide details and copies of the service or management agreements for the administration of the cell.

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29. Identify persons who will conduct the key functions for the cell :

Key Functions	Name	Position	PQ attached
Underwriting			
Claims			
Investment			
MLRO			
Complaints			
Compliance			
Finance			
Risk Management			
Others (please specify)			

30. Provide details of the reporting mechanism put in place by the Protected Cell Company to the owners of the cell.

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31. Supply any other information that is relevant to a full understanding of the control or ownership or management of the cell:

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32. State whether any of the parties connected with this application conduct any regulated business activity. If yes, please provide details:

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33. Specify the date on which the cell wishes to commence writing insurance business:

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34. In case the cell will conduct reinsurance business, please provide details of primary insurers, where applicable:

Full name of insurer(s)	Security rating(s)	Commission structure

35. Please confirm whether the primary policy contracts and the reinsurance agreements are consistent in terms of benefits, limits of benefits, exclusions and terms and conditions, and whether controls are in place to identify any inconsistencies in payment of claims.

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36. Please provide a list of the names and addresses of any other third party service providers and a summary of the services they will provide to the cell;

Name of service provider	Address	Services to be provided

37. Please provide details of any common ownership or other connection between the cell and any of the third party service providers listed above:

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38. Confirmation from the Board of the Protected Cell Company that the interests of the public and of the policyholders and potential policyholders and the reputation of Mauritius as a financial centre will not be jeopardised by the creation of the cell.

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4. Documents to be submitted for each Controlling Shareholder and Ultimate Beneficial Owner

	Documents	Submitted	Comments	Document reference
1.	Application Form for creation of cell in a Protected Cell Company	Yes <input type="checkbox"/> No <input type="checkbox"/>		
2.	Resolution of the Board of Directors of the Protected Cell Company for the creation of the cell	Yes <input type="checkbox"/> No <input type="checkbox"/>		
3.	Business plan including but not restricted to the following: <ul style="list-style-type: none"> • Sources of business • Target markets • Products • Organisation, management, controls and business risk acceptance • Operational/procedure manuals • Distribution network • All intermediaries through which the cell will market its products, including the country of operation of the intermediaries 	Yes <input type="checkbox"/> No <input type="checkbox"/>		
4.	3 year financial projections including but not restricted to the following : <ul style="list-style-type: none"> • Balance Sheet • Profit and Loss Statement • Solvency Calculations • Assumptions used 	Yes <input type="checkbox"/> No <input type="checkbox"/>		
5.	Actuarial report on the feasibility of the business plan and financial projections	Yes <input type="checkbox"/> No <input type="checkbox"/>		
6.	Actuarial certification that: <ul style="list-style-type: none"> • the products of the cell are insurance products (where applicable); • reinsurance/retrocession arrangements are adequate; and • proposed premium is adequate. 	Yes <input type="checkbox"/> No <input type="checkbox"/>		
7.	Draft insurance policy showing terms and conditions and benefits	Yes <input type="checkbox"/> No <input type="checkbox"/>		

	Documents	Submitted	Comments	Document reference
8.	Marketing materials in respect of the products of the cell (in case of reinsurance, marketing materials for the underlying products should be submitted)	Yes <input type="checkbox"/> No <input type="checkbox"/>		
9.	Appropriate applications in relation to auditors and actuaries (if different from the Protected Cell Company)	Yes <input type="checkbox"/> No <input type="checkbox"/>		
10.	Cell share agreement	Yes <input type="checkbox"/> No <input type="checkbox"/>		
11.	Recourse agreement between the cell and the core / Protected Cell Company	Yes <input type="checkbox"/> No <input type="checkbox"/>		
12.	Draft reinsurance/retrocession agreements (if any)	Yes <input type="checkbox"/> No <input type="checkbox"/>		
13.	Copy of the service or management agreements for the administration of the cell	Yes <input type="checkbox"/> No <input type="checkbox"/>		
14.	Group structure chart: <ul style="list-style-type: none"> • Identifying ownership arrangements of the cell, including beneficial owner(s); • Specifying percentage of all holdings; • Stating country of residence of each entity; and • Indicating whether each entity is licensed by a financial services authority. 	Yes <input type="checkbox"/> No <input type="checkbox"/>		
15.	Evidence of proceeds of cell share capital	Yes <input type="checkbox"/> No <input type="checkbox"/>		
16.	Certified true copy of documentation on the: <ul style="list-style-type: none"> • Promoters • Immediate holding company • Intermediate holding company/companies • Ultimate holding company • Ultimate beneficial owner(s) • Controllers <p>(i) For individuals:</p> <ul style="list-style-type: none"> ▪ PQ Form ▪ CV ▪ Proof of address ▪ ID/passport copy <p>(ii) For corporate bodies:</p> <ul style="list-style-type: none"> ▪ Certificate of incorporation ▪ Memorandum and articles of association ▪ Register of directors (documents to be submitted as per (i) above) 	Yes <input type="checkbox"/> No <input type="checkbox"/>		

	Documents	Submitted	Comments	Document reference
	<ul style="list-style-type: none"> ▪ Register of shareholders (in case of listed company, shareholders holding more than 5%) ▪ Audited Financial Statements for last 3 years (where applicable) <p>(iii) For trusts:</p> <ul style="list-style-type: none"> ▪ Name of the trust and its date and place of registration ▪ Trust deed ▪ An indication of the asset value held by the trust ▪ Identity of settlor, trustee(s) and beneficiaries (documents to be submitted accordingly as per (i) above) 			
17.	<p>Indication of whether any acquirer or its associates directly or indirectly owns or holds shares or any legal or beneficial interest in any insurance company or its associates or in any insurance broking company or its associates</p> <ul style="list-style-type: none"> - For each acquirer or its associates, indicate any positions currently held - officer or employee - in any insurance company or its associates or in any insurance broking company or its associates. - For each insurer or insurance broking company, indicate the percentage of ownership or shares/any legal or beneficial interest. 	Yes <input type="checkbox"/> No <input type="checkbox"/>		
18.	<p>Statement on why the acquirer is of the opinion that the application, if approved, will be in the public interest, in the interest of the policyholders and of the insurer.</p>	Yes <input type="checkbox"/> No <input type="checkbox"/>		
19.	<p>Letter signed by two directors of the Protected Cell Company certifying that the creation of the cell will not adversely affect the financial position and solvency of the Protected Cell Company</p>	Yes <input type="checkbox"/> No <input type="checkbox"/>		
20.	<p>Undertaking from the Board of the Protected Cell Company that it will provide capital for ongoing capital and solvency needs of the cell, should the need arise.</p>	Yes <input type="checkbox"/> No <input type="checkbox"/>		

	Documents	Submitted	Comments	Document reference
21.	Certificate of good standing on any entity involved in regulated financial services activities (where applicable)	Yes <input type="checkbox"/> No <input type="checkbox"/>		
22.	Confirmation (i) that the MC has made all reasonable enquiries and has conducted all due diligence checks that it considered appropriate on the cell shareholder up to the UBO and any person who effectively directs the business, and (ii) that to the best of its knowledge, they have not been convicted of any offence or involved in any fraudulent matters	Yes <input type="checkbox"/> No <input type="checkbox"/>		
23.	Confirmation from the MC that appropriate measures have been taken in accordance with the Code on the Prevention of Money Laundering and Terrorist Financing to establish the source of funds	Yes <input type="checkbox"/> No <input type="checkbox"/>		

DECLARATION BY APPLICANT/APPLICANT'S REPRESENTATIVE

I certify that the information furnished in this application and additional submission, as required in Annex hereto, is complete and correct to the best of my knowledge and belief.

I also undertake to notify the Financial Services Commission of any material change in information/documents submitted with respect to the above.

**Name of Applicant/Applicant's Representative
(BLOCK CAPITALS)**

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Signature of Applicant/Applicant's Representative:

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Date: