

Insurance Broker or Insurance Agent

Guidelines



FINANCIAL SERVICES AUTHORITY

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1. Introduction

These guidelines have been prepared by the Financial Services Authority (“the Authority”) to provide assistance in matters pertaining to the licence application to conduct insurance business under the Insurance Act, 2008 (“the Act”) as an Insurance Agent or Insurance Broker. These guidelines also provide a summary of the Act; thus it is not intended to be comprehensive nor replace or override any legislative provisions. Applicants and licensees are therefore advised to read these guidelines in conjunction with the Act.

1.1 Enquiries

Enquiries on licensing related matters should be forwarded to the Authority:

By Post: Director of Insurance and Pension Supervision Section
Financial Services Authority
P.O. Box 991
Bois De Rose Avenue
Victoria
Mahé
Seychelles

By e-mail: insuranceservices@fsaseychelles.sc

Tel: +248 4 380 800

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2. Scope of the Financial Services Authority Act

Section 4(1)(d) & (i) of the Financial Services Authority Act, 2013 permits the Financial Services Authority to receive, review and determine applications and to develop appropriate regulatory and supervisory mechanisms for the efficient and effective administration of the Act.

In order to ensure quality and consistency in the standard of the applications, these guidelines establish the criteria required to be approved by the Authority.

2.1 Definition of Insurance Agent and Insurance Broker

- a) Per the definition of the Act, an “Insurance Agent” means a person who, with the authority of an insurer and not being an employee of the insurer, acts on behalf of the insurer in the initiation of the insurance business, the receipt of proposals, the issue of policies, the collection of premiums or the settlements of claims.
- b) Per definition of the Act, an “Insurance Broker” means a person who arranges insurance business with insurers on behalf of prospective policyholder, or as a representative of a policyholder, and includes a reinsurance broker carrying on reinsurance brokering for an insurer.

3. Application and Licensing Process

An application for a licence must be made to the Authority as per the Insurance Act, 2008, which require a regulatory licence in order to engage in Insurance business.

This application guideline is applicable for both Insurance Agent or Insurance Broker.

3.1 Application for a licence

An application submitted to the Authority for an Insurance Agent or Insurance Broker Licence must comprise of the following documents:

- (a) A completed Application Form
- (b) Certified true copies of the Certificate of Incorporation (must be certified by the Registrar of company in the country of establishment/origin of the applicant)
- (c) Certified true copies of the constitutional documents of the applicant (**refer to Appendix 2 for documents required**)
- (d) Personal Questionnaire (in the prescribed form) completed by each Director, substantial shareholder and principal officer of the applicant company (**refer to Appendix 1 for due diligence documents required**)
- (e) Questionnaire Forms for Shareholders and Beneficial Owners completed by each individual shareholder and beneficial owner who do not hold a managerial position in the company (**refer to Appendix 1 for due diligence documents required**)
- (f) The last audited/forecasted financial statements of the applicant
- (g) Proof of source of funds or wealth (i.e. Bank statements etc....)
- (h) Letter of appointment of Company Secretary (as applicable)
- (i) Board resolution for approval of appointment of Company Secretary (as applicable)
- (j) A copy of any agreement between the applicant and any proposed insurer
- (k) Any other agreements, manuals or policies required (i.e. Compliance manuals, Service agreements, Internal Operations Manual etc....)
- (l) A quotation from a licensed domestic insurer for a professional indemnity insurance policy acceptable to the Authority and meeting such requirements as may be prescribed
- (m) A detailed Business Plan of the applicant's proposed business and operations
- (n) The relevant application fee (**refer to Paragraph 3.3**) payable by;
 - i) banker's cheque
 - ii) swift transfer

In order to increase the efficiency of the application process, the Authority may pre-approve standard manuals and policies from service providers to be used in future applications.

Where pre-approved documents are submitted as part of an application, the service provider shall make a declaration on whether any changes have been made to each of the pre-approved document and indicating the relevant paragraph or section of the document where the changes have been made.

The Authority will only process an application if the application fee (refer to Paragraph 3.3) has been submitted.

During processing of the application, the Authority may request for additional information or supporting documents for the purpose of determining the application.

A person who supplies, to the Authority, information in connection with an application which he knows or reasonably knows is false or misleading, is guilty of an offence and liable to conviction to a fine of Rs100,000.

3.2 Submission of Application

All applications seeking the approval of the Authority must be addressed and either hand delivered or mailed to:

The Chief Executive Officer
Financial Services Authority
P.O. Box 991
Bois De Rose Avenue
Victoria
Mahé
Seychelles

All application forms and other documents are available from the Authority's website (www.fsaseychelles.sc).

3.3 Administrative process of licence applications

The Authority will initiate the processing of a complete application, only upon payment of the required application fee as detailed below;

- a) Insurance Agent - SCR 2,500
- b) Insurance Broker - SCR 5,000

These following steps will then be carried out:

Step 1: Acknowledge receipt of the application.

Step 2: Carry out an initial review of the application to assess whether the application is complete according to the requirements detailed herein (refer to the Application Checklist **Appendix 3**).

Step 3: Begin to process the application if the application is deemed to be complete; or return the application to the applicant if the application is deemed to be incomplete, highlighting the area(s) of deficiencies.

Please note that the Authority may provide general and brief guidance on the area(s) of deficiencies, but it is the responsibility of the applicant to engage suitable professionals or service providers to ensure the completeness of the application.

Step 4: Request for additional information or supporting documents for consideration of the application from the applicant, if necessary.

Step 5: Inform the applicant on whether the application has been approved for licensing or not.

Note that a person who supplies, to the Authority, information in connection with an application which he knows or reasonably knows is false or misleading, is guilty of an offence.

4. Service Standards

The Authority's current Service Standards for processing the application from receipt of a completed application for consideration by the Authority, is **Thirty (30)** working days.

It is important to note that this service standard will only be achievable if all the requisite information/documents are provided at the time the application is lodged. The Authority is not responsible for delays arising from the submission of incomplete applications.

The following is to be further noted:

- (a) The Authority will only process complete applications. Applications that are deemed to be incomplete will be returned to the applicant. Applicants will have a period of 6 months for resubmission of the application.
- (b) Applications not submitted within the 6-months cut-off period will be considered as void and a new application would have to be lodged along with payment of the required application fee, should the applicant remain interested in proceeding further with the application.

This service standard is not exhaustive or binding on the Authority. The licensing regime requires the Authority to exercise discretion. How the Authority does this will depend on the applicant's particular circumstances.

5. Granting of licence

When dealing with an application, the Authority will not grant a licence unless it is satisfied that;

- (a) The applicant's objects are limited to the business stated in the application and operations arising directly from it
- (b) The applicant has such stated capital as may be specified in regulations
- (c) The applicant meets such requirements as may be prescribed
- (d) The applicant is covered by a professional indemnity insurance policy acceptable to the Authority and meeting such requirements as may be prescribed
- (e) The applicant has disclosed such information as the Authority has requested in relation to the proposed business, and to persons who will, upon commencement of the applicant's business, have any proprietary, financial or other interest in, or in connection with, that applicant;
- (f) The applicant has the financial resources, organisation and management capacities that are necessary to carry on the business which is the subject-matter of the application
- (g) The applicant, the substantial shareholders, controllers, and principal officers of the applicant where it is a body corporate are fit and proper persons to ensure the sound and prudent management of the business
- (h) The applicant will, upon being licensed, be able to comply with and fulfil all requirements under this Act

Note: The Authority has discretion in granting or refusing a licence. The Authority may in dealing with an application take into consideration matters other than those mentioned above. In the event that the application is successful and the licence is issued, the Financial Services Authority may publish on its website or other publications, the name of the licensee and contact details.

6. Fitness and propriety

When considering the fitness and propriety of the applicant the Authority shall have regard to the applicant's:

- (a) financial status
- (b) educational or other qualifications or experience having regard to the nature of the application
- (c) ability to perform his proposed function competently, honestly and fairly
- (d) reputation, character, financial integrity and reliability
- (e) satisfactory completion of any examination requirements prescribed by the Authority

7. Conditions of the licence

Activities permitted under the licence are only those that are contained within the licence and are limited to only such business as stated. The Insurance Agent or Insurance Broker must comply with the conditions contained in its licence.

- a) The Authority may impose such conditions and restrictions to the scope of business as it deems fit.
- b) The authority may, by notice in writing, add, delete, vary or determine any condition, restriction or limitation in the licence and the licence shall be deemed to have been issued with such addition, deletion, variation or determination.

8. Renewal of licence

The Insurance Agent and Insurance Broker licence granted under the Act is valid for a period of one year and must be renewed annually.

The Authority will only renew a licence upon the payment of the annual licence fee as detailed below;

- a) Insurance Agent - SCR 6,250**
- b) Insurance Broker - SCR 12,500**

Where an annual licence fee is not paid on or before the beginning of such subsequent year, the annual licence fee shall increase by 25 per cent (25%) of its amount.

9. Offences

Any person who carries on the business of an Insurance Agent or Insurance Broker without a licence issued by the Authority or, other than in accordance with a licence granted by the Authority commits an offence with a fine of Rs100,000 and imprisonment for a term not exceeding one year.

10. Audited Accounts and Mandatory Regulatory Filings

An Insurance Agent or Insurance Broker must have its accounts audited annually according to the International Financial Reporting Standards.

Along with this it must also submit to the Authority its Annual Actuarial Valuations and audited financial statements within 3 months of the end of each financial year or within such extension period allowed by the Authority.

11. Notifications to the Authority

The Authority must be notified in writing within 7 days if and/or whenever there is any material change which may have occurred whether before or after the issue of the licence, in the information or documents submitted in connection with an application.

12. Role of the Authority

The Authority is conferred with powers of supervision over the Insurance Agent and Insurance Broker and may in carrying out its supervisory functions:

- (a) issue directions
- (b) request information or documents from licensees
- (c) revoke Insurance Agent or Insurance Broker Licence
- (d) impose further conditions on the Insurance Agent or Insurance Broker Licence
- (e) appoint a person to advise a licensed Insurance Agent or Insurance Broker on the proper conduct of its business
- (f) appoint a person to assume the control of the affairs of the licensee relating to the licensed business
- (g) suspend a licence granted under the Act for a period of time, or until the happening of an event, as the Authority considers appropriate

The Act also imposes duties on the Authority, most notably, the duty not to disclose any information to a third party except where authorised under the written law.

Appendix 1

Due Diligence Requirements

1. The completed **Personal Questionnaire**¹ Forms by all individuals in connection with the application, should be accompanied by:

- 1 certified true copy of passport(s)
- 1 recent passport sized photograph signed at the back by certifier
- 1 certified proof of residential address that is not older than three months e.g. utility bill (water and/or electricity) and/or bank statement and/or tenancy agreement
- 1 original bank reference from each bank with which you are affiliated and/or a report from Credit Rating Agency from Country of Residence (if available)
- Certified copies of stated higher academic qualifications
- Certified copies of stated professional qualifications
- Certified copies of stated membership to professional bodies
- Detailed job description of your proposed role or position
- Latest Employment references (if applicable)
- A list of directorships, partnerships, other business interests or affiliations (if applicable)
- Original Police Character Reference/certificate not older than three (3) months from the Country in which the applicant resides or its equivalent
- Tax Clearance Certificate from the Country in which the applicant resides or its equivalent
- Politically Exposed Person Self-Declaration Form

2. The completed **Questionnaire Form for Shareholders and Beneficial Owners**² by all shareholders and beneficial owners who do not have a management position in the company should be accompanied by:

- 1 certified true copy of passport(s)
- 1 recent sized passport photograph signed at the back by certifier
- Proof of Appointment as Nominee E.g. Declaration of Trust, Deed of Indemnity or its equivalent
- 1 certified proof of residential address that is not older than three months e.g. utility bill (water and/or electricity) and/or bank statement and/or tenancy agreement
- 1 original bank reference from each bank with which you are affiliated and/or a report from Credit Rating Agency from Country of Residence (if available)
- A list of directorships, partnerships, other business interests or affiliations (if applicable)
- Original Police Character Reference/certificate not older than three (3) months from the Country in which the applicant resides or its equivalent
- Tax Clearance Certificate from the Country in which the applicant resides or its equivalent
- Politically Exposed Person Self-Declaration Form

¹ The PQ should be filled out by all individuals holding a management and executive role within the entity. If the applicant is also the Shareholder or Beneficial Owner, then only the PQ need to be filled out.

² This form is deemed as a Simplified PQ to be filled by non-executive persons who are not involved in the management of the entity.

Appendix 2

List of Constitutional documents

Certified true copies of the following documents:

- Certificate of Incorporation
- Memorandum and Articles of Association
- Partnership Agreement (if applicable)
- Notice of situation of Registered Office or any change thereof
- Particulars of Directors and Secretaries
- Forecasted/Audited financial statements for the past 2 years

Appendix 3

Checklist

1. All blank spaces in the Application Form has been filled in	
2. Payment of the application fee (i.e. SCR 2,500 for Insurance Agent and SCR 5,000 for Insurance Broker)	
3. Certified true copies of the Certificate of Incorporation (must be certified by the Registrar of Company in the country of establishment/origin of the applicant)	
4. Certified true copies of the constitutional documents of the applicant (i.e. Certificate of Incorporation, Memorandum and Articles of Association, Partnership agreement, Particulars of Directors and Secretaries, Notice of situation of registered office or any change thereof)	
5. The last audited/forecasted financial statements of the applicant	
6. Proof of source of funds or wealth (i.e. Bank Statements etc...)	
7. The written consent of the Company Secretary	
8. Personal Questionnaire Forms completed by each Director, substantial shareholder principal officer of the applicant company	
9. Questionnaire Forms for Shareholders and Beneficial Owners completed by each individual shareholder and beneficial owner who do not hold a managerial position in the company	
10. Evidence that the proposed Auditors have agreed to the appointment, a certified copy of the resolution required under subsection 40(3) and certified copies of the qualifications of the Auditor	
11. A copy of any agreement between the applicant and any proposed insurer	
12. Any other agreements, manuals or policies required (i.e. Compliance manuals, Service agreements, Internal Operations Manual etc....)	
13. A quotation from a licensed domestic insurer for a professional indemnity insurance policy acceptable to the Authority and meeting such requirements as may be prescribed	
14. A detailed Business plan of the applicant's proposed business and operations	