

REGISTRAR OF FINANCIAL INSTITUTIONS

GUIDELINES ON APPLICATION TO EXTERNALISE INSURANCE BUSINESS OUTSIDE MALAWI

(Financial Services Act and Insurance Act)

1.0 INTRODUCTION

The Registrar of Financial Institutions ('the Registrar') is responsible for licensing, regulation and supervision of insurance market players in Malawi. In line with Section 96 of the Financial Services Act, the Registrar has issued these guidelines to facilitate processing of requests from insurance companies and brokers to externalize insurance business outside Malawi.

The guidelines should be read in conjunction with the provisions of the Financial Services Act, Insurance Act and any subsidiary legislation made under the Acts.

These guidelines supersedes the Registrar's guidance note on insurance business externalization request issued on 16 May 2018.

2.0 OBJECTIVES OF THE GUIDELINES

The aim of these guidelines is to promote best practices, transparency, standardization and fairness in the conduct of externalization of insurance business in order to meet the objectives of the *Insurance (Placement of Insurance Business outside Malawi) Directive, 2014*.

3.0 FORM OF APPLICATION

3.1 Insurance Companies or Brokers requesting for approval to externalize insurance business in line with Section 18 of the Insurance Act, must submit an application which must take into account the requirements outlined in this guideline, the Financial Services Act, the Insurance Act and applicable Directives.

3.2 A complete application accompanied by supporting documents must be submitted to the Registrar and the applicant must make sure that the application contains complete information on all requirements.

4.0 APPLICATION PROCEDURES AND REQUIREMENTS FOR APROVAL

4.1 Insurers or brokers requesting for approval of externalization of insurance business must ensure that all risks arising within Malawi must be locally priced, that is, have terms and rates set by local insurers or brokers;

4.2 In line with the *Insurance (Placement of Insurance Business outside Malawi) Directive, 2014*, insurers or brokers must engage all insurers that meet minimum capital and solvency requirements before submitting the request for approval to externalize the business outside Malawi;

4.3 Where a local insurer fails to participate on the risks, the lead insurer must ensure to submit alongside the application the indicated reasons for failure to participate on the risks;

4.4 Insurers or brokers must submit policy document, consultation slips and any reasons for failure to participate;

4.5 Insurers or brokers are required to submit details of the external insurer or insurance broker and evidence of engagement;

4.6 Upon approval to externalize insurance business, the lead insurer must deliver final confirmation of risk sharing with participating insurers (in whatever form) within 14 days of receipt of the Registrar's approval;

4.7 Where approval for externalization has been granted, local insurers must ensure progressive increase in retention of the risks in subsequent requests for externalization at the renewal of the policies.

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