



BULLETIN FOR:

**Requirements for Registration as an Insurance
Company**

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LEGISLATIVE REFERENCE: Insurance Act, 2001 (the "Act")
Insurance Regulations, 2001(the "Regulations")

1.0 INTRODUCTION

1.1 The Financial Services Commission ("FSC") has a mandate to protect members of the public who purchase insurance products by promoting stability and public confidence in the operations of the insurance industry. A part of meeting this mandate necessitates ensuring that Insurance Companies are properly registered in accordance with the Act and operate within the scope of the Insurance Act and Regulations.

2.0 BACKGROUND

2.1 Members of the public may choose to access insurance products directly from an insurance company. In this case, the insurance company plays a vital role not only by way of offering an insurance product but also through their services such as offering advice and managing the administration of claims.

2.2 It is therefore imperative that policies and procedures to monitor and control the registration and operation of insurance companies be clearly outlined and understood.

3.0 OBJECTIVE

3.1 The objective of this bulletin is to provide general guidance to Insurance Companies, on some of the conditions which must be fulfilled before an application for registration as an insurance company under the Act can be considered.

4.0 REGISTRATION REQUIREMENTS

4.1.1 The entity must first be **incorporated** and **registered** under the Companies Act, 2004.

A company not incorporated under the Companies Act of Jamaica must be incorporated under similar legislation in its own jurisdiction and registered to transact the same classes of insurance business there, as it is applying to transact in Jamaica. It also should have been conducting insurance business for a minimum of five (5) years in its jurisdiction of domicile.

4.1.2 In accordance with regulation 6 (3) (j) of the Insurance Regulations, 2001, a company incorporated in a non-Jamaican jurisdiction must submit from the insurance regulator in the jurisdiction in which it operates:

- a) A certificate of solvency. The regulator should indicate the method of solvency computation used; and
- b) A certificate attesting to the acceptability of the market conduct practices of the applicant.

The company must also appoint an individual who is a resident in Jamaica, to be its principal representative.

4.1.3 Every company wishing to conduct insurance business in Jamaica must seek registration under the Act and should note that it may not be registered under this Act to carry on both long-term and general insurance business unless such general business consists exclusively of accident insurance business.

4.1.4 The company must have a minimum paid-up and unencumbered capital, surplus, reserve or equivalent fund of One Hundred and Fifty Million Jamaican Dollars (J\$150,000,000) if it intends to do life and/or sickness and health insurance business and Ninety Million Jamaican Dollars (J\$90,000,000) if it intends to do general insurance business.

4.1.5 Life and/or sickness and health insurance companies should satisfy the Minimum Continuing Capital & Surplus Requirement (MCCSR): and general insurance companies should satisfy the Minimum Capital Test (MCT) at the time of application at the levels indicated below:

MCCSR	150%
MCT	250%

4.1.6 Each company must deposit with the FSC, assets valuing a minimum of Ninety Million Jamaican Dollars (J\$90,000,000) if it intends to do life and/or sickness and health insurance and Forty Five Million Jamaican Dollars (J\$45,000,000) if it intends to do general insurance business.

The nature of the assets deposited must consist of:

- a) Cash
- b) Unencumbered securities of, or guaranteed by, the government
- c) Other securities, at an accepted value and on the conditions established by the Commission; or
- d) Any combination of the above.

Note that the title(s) to the deposit instrument(s) are to be submitted to the FSC but all amounts earned will be paid directly to the company concerned.

4.1.7 The company must submit a completed application form in the format of the Third Schedule of the Insurance Regulations 2001 and submit all information and documentation requested therein.

4.1.8 Information/ documents to be submitted include, inter alia, the following:

- a) Certified copy of the Articles of Incorporation. (Registrar of Companies to certify).
- b) Copies of the latest Audited Balance Sheet, Profit and Loss Account and Revenue Account and the aforementioned Financial Statements over the previous two (2) financial years of the company.

If the company is newly registered, then the company would need to submit three years projection of revenue, expenses and profits certified by a chartered accountant.
- c) Certified copies of the latest Annual Report.
- d) Specimens of all categories of insurance policies issuable by the applicant in respect of all classes of insurance business to be undertaken in Jamaica.
- e) Latest Actuarial Report of the company on life and general insurance business.
- f) A certificate signed by the Chairman, a Director and Chief Financial Officer of the company stating that the company has fulfilled the capital and solvency requirements indicated at Regulation 26 or 27 i.e. MCT or MCCSR and at the levels indicated above. Where the company undertakes any class of long-term business along with general business the certificate should also be signed by an Actuary.
- g) A detailed memorandum indicating the organization of the company and/or its agency or agencies in Jamaica. The Memorandum should be signed by the Chairman of the Board of Directors, a Director and the Secretary of the company and should include therein statements pertaining to the experience and qualifications of existing staff or proposed staff in Jamaica whether of the applicant company, its agency or agencies. The agencies should also be registered under the Insurance Act 2001.
- h) An Organizational chart showing the staff structure of the company and the names of all senior management personnel indicated thereon.
- i) A Corporate Organizational chart showing all related entities (parent company, ultimate holding company, fellow subsidiaries, subsidiaries and associated companies). Indicate also the shareholders of the ultimate holding company should it be other than the parent company.

4.1.9 Please note that any change in the particulars included in an application must be reported to the FSC in writing within 30 days of such change.

4.1.10 All persons managing or controlling the company must complete and submit to the FSC the fit and proper questionnaire upon making the application. The questionnaire is available on the FSC's website at www.fscjamaica.org, and applies to all directors, all senior managers and those shareholders owning ten percent (10%) or more of the shareholding of the company. Where the shareholder owning 10% or more is a corporate entity then the same categories of persons listed above in respect of the corporate shareholder are to complete the questionnaire.

Note also that, for these persons, the original Police Report must be submitted.

- 4.1.11** The fees for the application for registration as a company are set out below for the various classes of business and the application form. Fees are to be made payable to the Financial Services Commission and paid at its offices (see address below) and a copy of the receipt submitted with the application.

LIFE COMPANIES	Cost (\$J)
Ordinary Long-Term Insurance Business	150,000
Sickness and Health Insurance Business	150,000
Industrial Insurance Business	150,000
GENERAL COMPANIES	Cost (\$J)
Accident	50,000
Liability	50,000
Marine Aviation & Transport	50,000
Motor Vehicle Insurance Business	50,000
Pecuniary Loss	50,000
Property Insurance Business	50,000
Application Form	2,500

- 4.1.12** After registration is effected the company is required to pay, not later than fourteen (14) days after the end of the quarter in which the premiums were written, a quarterly renewal fee as follows:

Renewal Fees - Insurance Companies:

a) Jamaican and CARICOM Life/Sickness & Health Insurance Companies:

- i. A Fee of \$1 million; OR
- ii. the sum of:
 - a. First \$5 billion of total assets at 0.14%;
 - b. Second \$5 billion of total assets at 0.07%; and
 - c. Total assets in excess of \$10 billion at 0.04%.

whichever is greater.

b) Jamaican and CARICOM General Insurance Companies:

- i. A fixed amount of \$4.7 million, and
- ii. An amount equivalent to 0.20% of total assets

c) Foreign Companies - Life/Sickness & Health and General Insurers

The fee will be charged on the above bases at a) and b) but on assets relating to liabilities in Jamaica only.

N.B.: - For fee computation, "Total Assets" are as shown in the Annual Statement as at December 31 of the previous year.

4.1.13 Fees to be paid at the time of filing returns are as follows

Annual Returns	\$5,000
Quarterly Returns	\$3,000

4.1.14 It is expected that applicants will apprise themselves of all the other requirements of operation for example:

- a) the establishment of audit, conduct review and investment & loan committees
- b) the insurance accounting standards,
- c) market conduct rules
- d) solvency requirements
- e) investment guidelines
- f) monthly, quarterly, half-yearly and annual submissions etc.

by reading the relevant laws and ensuring that they will be able to meet the required standards before applying.

4.1.15 Copies of the Act and Regulations can be obtained at:

Jamaica Printing Services Limited
 77 ½ Duke Street
 Kingston
 Telephone No. (876) 967-2250-3 Fax No. (876) 967-2225

Questions regarding this Bulletin may be directed to:

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