



GUIDELINES:

MINIMUM CONTENT OF A BUSINESS PLAN

**The Financial Services Commission
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LEGISLATIVE REFERENCES: The Securities (Licensing and Registration) Regulations, 1996 - section 3(3)(a)(iii); 3(3)(b)(ii) and (c)(ii)

Insurance Act – Section 62(d); Insurance Regulations – 6(1)(3)(i); 106(1)(i); the Third Schedule

The Pensions (Superannuation Funds and Retirement Schemes)(Registration, Licensing and Reporting) Regulations, 2006: the First Schedule – Form 1 and 2

The Trust and Corporate Services Providers (Licensing and Operations) Regulations, 2022 - Regulation 3(2)

1. BACKGROUND

1.01 Pursuant to the various statutes administered by the Financial Services Commission (the “FSC”), some applicants for registration or licence under the Insurance, Securities, Pensions, and Trust and Corporate Service Providers legislation are required to submit to the FSC a business plan. The business plan should be clear and comprehensive and approved by the applicant’s Board of Directors or other authorized senior management as applicable. Submission of a business plan enables the FSC to assess the viability of the plans and the applicant’s ability to support and contribute to the development of the business regarding the regulated activity associated with its application, which includes ensuring adequate organizational, managerial and financial resources are in place, at the outset, and on a continuous basis, to buttress the business strategy and operations.

2. OBJECTIVE

2.01 The guidelines set out the minimum requirements of the FSC regarding a business plan that is required to be submitted in support of an allocation for a licence or registration and thereafter.

2.02 The guidelines apply to all firms, companies, bodies corporate and specified individuals such as Individual Dealers, Individual Investment Advisers, Individual Claims Negotiators; Individual Investigators, Individual Insurance Consultants, Individual Facultative Placement Brokers, Individual Loss Adjusters, Individual Insurance Agents, and Individual Corporate and/or Trust Services Providers who are licensed or registered by the FSC. It also applies to applicants for registration or licensing in any of the foregoing capacities.

3. MINIMUM CONTENT OF A BUSINESS PLAN

3.01 To facilitate an efficient review, the business plan required to be submitted with an application for a licence or registration should be structured such that the flow of information and clarity of the content supports the identification of any gaps or deficiencies. At a minimum, a business plan should address the following components:

(i) Cover Page

The full name of the applicant, if an individual, and if not an individual the full legal name of the entity and the business name, if any, under which the entity is, or is to be, licensed or registered should be stated in boldface. The address of the principal place of business, the period covered by the business plan and the date the plan was approved by the applicants' board are also to be stated on the cover page.

(ii) Table of Content

This table should list the title of each section of the document, the page number where each section begins, and the title/caption of all supporting documents as appendices.

(iii) Executive Summary

This summary should provide clear, logical, well organized and precise information on the entity's history, its ownership structure and staff complement, the principal activities/services, track record, goals and objectives (actual or planned), key elements relating to each section of the business plan, and how the plan will be implemented.

(iv) Background

- (i) Outline of the applicant's business as a whole and if a new start-up, a three-year plan from the commencement of business onwards including clear timelines, sales and other milestones to be achieved, organizational arrangements to oversee and monitor implementation, and the rationale for the chosen business area.
- (ii) The applicant's business objectives (in the short and long term) and strategies. In the case of a corporate applicant as well as applicants concerning corporate or trust services business, the reason for identifying those objectives as activities to be pursued in or from Jamaica should also be stated.
- (iii) The regulated activities/services being or proposed to be undertaken by the applicant, distinguishing between primary and secondary activities; and including a description of the specific products and services offered or to be offered and the delivery channels.
- (iv) Details of any unregulated activity that is being or proposed to be undertaken. An outline of any plans for the expansion of the business in or outside of Jamaica over the next three to five years.
- (v) Details of any subsidiaries (operated or proposed to be operated) such as the name, place of incorporation, directors, and proposed activities.

(v) Organization and Management

- (i) An organization chart showing departments and divisions, including key control functions such as compliance, risk management and internal audit functions, and setting out the responsibilities, authorities, and reporting relationships.

- (ii) Where applicable, a detailed group structure chart that includes (a) the ownership of the applicant and any parent companies, including the jurisdictions of incorporation; (b) beneficial owners of the applicant if different from(a); (c) name and country of incorporation of all subsidiaries of the applicant; (d) branch locations of the applicant; (e) percentage holdings and regulatory permissions (if any) held by each entity in the structure.
- (iii) Where applicable, details of any strategic alliances with other entities such as the name and address of those entities, their business activities, any conflicts of interest which may arise and how they may be managed, and the nature of the relevant agreement.
- (iv) Summary of Board committees and the personnel appointed or to be appointed to them; including details, if any, of proposed changes in light of the entity's risk exposure.
- (v) Details regarding the availability of human capital, any gaps in skill-set, and how they will be addressed in keeping with the entity's succession plan. (The curriculum vitae of all key individuals having or that will have management and oversight of regulated functions must be appended).
- (vi) Description of how the education, experience, and skillsets of the Board, staff, and consultants, where applicable, will help the entity achieves the goals outlined in the business plan.
- (vii) Actual and projected staff complement and roles regarding the regulated activities, including any planned training and education initiatives.
- (viii) How the business fits within its group global strategy and operations, if applicable.

(vi) Market and Strategies

This section of the plan should state the reasons the applicant believes the business will be successful and the strategies for achieving this success, supported by feasibility and market studies, relevant analyses, and a discussion of key assumptions. The details should include:

- (i) The current state of the operating environment (Corporate and Trust Services or Insurance or Pensions or Securities Industry) and relevant trends.
- (ii) Proposed activities to be undertaken or services to be offered inclusive of product/service differentiation from those of main competitors and any competitive advantage, which are informed by market demand and take into account the Jamaican infrastructure and institutional framework; also details regarding target markets, main competitors, threats and opportunities and plans to address them. New services/activities that will be introduced/undertaken are to be identified and the expected timeframe for doing so stated which should take into account the time to obtain approval from relevant regulators, as well as the associated costs.
- (iii) In the case of trust service providers, the types of trusts that will be marketed and the nature of work being targeted; the expected geographical source of clients and how the formation of the trusts, relationship with the settler, beneficiaries, and protector if applicable, will be managed and proposals for investing and managing trust assets. Also, contacts and relationships with foreign accountants, attorneys, and other agents, etc., who are expected to provide clients should be addressed.
- (iv) Sales, estimated current and targeted market share, and profitability objectives.

- (v) Process for evaluating the effectiveness of the company's advertising and promotions strategies.
- (vi) Pricing/fee strategies and their forecasted effect on profitability.
- (vii) In the case of an insurance company, the proposed reinsurance strategy including the extent to which the new and existing products will be supported by reinsurance. Supporting research and development capabilities and initiatives.
- (viii) Technological systems and processes used or to be used, how the systems are being or will be supported, details of known users of the system, as well as any identified issues and measures to address the same.
- (ix) Track record and experience of the applicant specifically relating to the business plan.

(vii) Financial and Other Projections

- (i) Analysis and assessment of the likely socio-economic state of the country for at least the next three-year period and an analysis of the likely impact on the entity over that period; stating any assumptions and including any international and local economic factors that may negatively or positively affect the entity.
- (ii) Projected Income statement, balance sheet, and cash flow forecasts for the next three years, drawing on the entity's past performance where applicable and that of comparable businesses. The projections should show a detailed breakdown of how the aggregate income and expenditure figures have been derived. Also, premium projection details must be included if the applicant is an insurance company.
- (iii) If a new entity; pro-forma financial statements, including balance sheet and income statement for the first three years of operations. Major asset, liability, income and expense categories are to be identified, including a description of any off-balance sheet activities.
- (iv) The earnings goals in terms of return on assets, investments, equity and other profitability measurements and a summary of the strategies to achieve those goals.
- (v) Identification and explanation of key economic and other assumptions underlying the calculations.
- (vi) For an insurance business, details of the actuarial assumptions.
- (vii) The audited financial statements for the previous two financial years (or for the period since the applicant was established, if it is less than two years).
- (viii) Factors applied in determining the amount of Professional Indemnity Insurance or Liability coverage.

(viii) Capital Plan and Funding Policies

- (i) The source of the initial and future capital for the base case and other scenarios and discussion of the adequacy of the proposed capital structure relative to external and internal risks and planned expansion as well as how compliance with any capital adequacy framework of the FSC will be achieved and maintained.
- (ii) Details of any planned financial interaction between the entity and its affiliates.
- (iii) Plans to achieve and maintain solvency requirements, as applicable.

(ix) Risk Management

- (i) Control procedures that inter alia address client acceptance and separation of functions.
- (ii) A summary of the exposure to, and the approach to the assessment and management (identification, measurements, monitoring, and mitigation), of each key risk for the business, that includes inter alia, operation, market, liquidity, and credit risks; including how compliance with regulatory and supervisory requirements will be maintained. Details of the impact of market risk should also be provided.
- (iii) A business continuity plan that provides an assessment of continuity of services in the event of a disruption in services and where applicable, the ability to assume any outsourced function, activity, or service internally.
- (iv) Contingency plans which include but are not limited to –
 - (i) a diverse set of potential management triggers for identifying stress scenarios.
 - (ii) a suite of potential remediation options to respond to a range of stress scenarios, including but not limited to capital shortfalls and liquidity pressures.
 - (iii) Analysis and discussion of the results of the entity's latest Stress Test (applicable to insurance and securities entities) as applicable and details of the strategy to address any adverse outcomes.
 - (iv) high-level governance and escalation process to activate and execute the contingency plans.
- (v) Custodian arrangements where applicable, detailing the type of arrangements and proper safekeeping of assets will be assured.

(x) Outsourcing Arrangement

- (i) A detailed description of any proposed arrangements to outsource any material function, activity or service within the group or to an external provider if applicable, and how any attendant risks would be managed at the entity and group level.
- (ii) An analysis of the advantages and disadvantages and the reasons for considering outsourcing.

(xi) Implementation and Monitoring Plan

- (i) Identification of critical success factors and how the business plan will be implemented.
- (ii) Details of how adherence to the business plan will be monitored and realignment done, as necessary, by the management and Board of Directors as applicable.

4. OTHER POLICY REQUIREMENTS

4.01 To ensure that the FSC's information on registrants and licensees is accurate and reflective of their current business practices, applicable licensees and registrants are required to submit to the FSC an updated business plan within three months lead time before the end of the period covered by the last plan together with a current list of:

- covered persons as defined under the Pensions (Superannuation Funds and Retirement Schemes) (Registration Licensing and Reporting) Regulations 2006

- relevant persons as defined under the Trust and Corporate Service Providers Act, 2017 as well as for managers, assistant managers and the accountant.
- Its officers or members holding (whether in their own right or when counted with any holding of an associated person) ten per cent or more of the voting shares of the company regulated under the Securities Act.

4.02 In the case of an applicant whose operations are not confined to the provision of the services or conduct of business that are regulated by the FSC, the business plan submitted should be focused on those aspects of the applicant's operations that pertain to the regulated activities/services. However, where the business plan for the organization as a whole will be submitted, the document must specifically address, for the regulated activities/services, at a minimum, the items outlined above. Also, where a separate legal entity is established to provide the services or conduct business activities that are regulated, the business plan must be submitted for that entity.

5. STATUTORY REQUIREMENT

In the case of an insurance company, the Business Plan must also comply with the requirements stipulated in the Third Schedule to the Insurance Regulations.

Questions regarding this guideline may be directed to the:

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