



REGISTRAR OF FINANCIAL INSTITUTIONS

**GUIDELINES FOR THE APPLICATION OF A LICENCE FOR AN
INSURANCE AGENT IN MALAWI**

(Financial Services Act and Insurance Act)

FINANCIAL SECTOR REGULATION DEPARTMENT

PART I - PRELIMINARY

1. INTRODUCTION

The Registrar of Financial Institutions (“the Registrar”) is responsible for licensing and regulation of insurance agents. In line with the provisions of the Financial Services Act, 2010 and the Insurance Act 2010, the Registrar has issued these Licensing Guidelines to facilitate processing of applications for a licence to operate as an insurance agent. The Guidelines are intended to provide guidance on the licensing criteria for applicants applying for an insurance agent’s licence or licence renewal.

These Guidelines should be read in conjunction with the provisions of the Financial Services Act 2010, the Insurance Act 2010 and any subsidiary legislation made under the Acts.

2. DEFINITIONS

In these Guidelines, unless the context otherwise requires:

“**Act**” means Insurance Act, 2010;

“**Applicant**” means an applicant for licensing as an insurance agent under these Guidelines;

“**Insurance agent**” means a person, other than an officer or salaried employee of an insurer, who, in consideration for a commission, is authorized by an insurer to sell its insurance policies; or to do any act in relation to the receiving of proposals for insurance or the issue of policies, but does not receive premiums on behalf of the insurer although he may direct a client on how premiums may be paid without actually holding the money;

“**Principal officer**” means an individual responsible for management of the affairs of the entity;

“**Registered company**” means an institution other than a natural person whether as a body corporate, partnership, sole proprietorship registered under the Business Registration Act or under any applicable law;

“**Registrar**” means the Registrar of Financial Institutions appointed under the Financial Services Act, 2010;

“**Renewal period**” means a period between 1 January and 31 January when applications for renewal of licence may be made to the Registrar.

PART II: APPLICATION PROCEDURES

- 1.0 An application for a licence to conduct business as an insurance agent shall be made by completing the application form provided in *Appendix I*
- 2.0 An applicant should not leave any requirements blank or unanswered. If a response to any requirement is ‘no’, ‘none’, ‘not applicable’ or ‘not known’ it must be so stated and an explanation provided, where necessary.
- 3.0 The application must be supported by information outlined in *Part IV*. An application which does not contain all the information as required in *Part IV* shall be deemed incomplete and will not be processed.
- 4.0 Submitting inaccurate or misleading information will result in an outright rejection of the application.
- 5.0 The Registrar may, in his discretion, require further information to support the processing of the application.
- 6.0 The applicant is required to submit the prescribed documents and forms together with a non-refundable licence fee payable to the Reserve Bank of Malawi as prescribed in these Guidelines.
- 7.0 The application must be duly signed by the applicant(s) and must provide details of a contact person formally designated by the applicant(s) to act on its behalf on matters connected to the application. All communication between the Registrar and the applicant(s) will be conducted through the contact person provided.

8.0 The application must be submitted to the following address:

The Registrar of Financial Institutions
Reserve Bank of Malawi
P O Box 30063
Capital City
LILONGWE 3

PART III: LICENSING REQUIREMENTS

1.0 An applicant who is a registered company must:-

- (a) submit evidence of registration;
- (b) include the words “**Insurance Agent**” in the business name and must not resemble a name of an existing insurance market player;
- (c) have a principal officer with a minimum qualification of a Certificate accredited by the Chartered Institute of Insurance of the United Kingdom or any other institution as approved by the Registrar, and must have at least 3 years’ satisfactory experience in the insurance industry.

2.0 An insurance agent will be allowed to sell or transact insurance business on behalf of **only one insurance company** and must submit a copy of the proposed agency agreement with the insurer to which the insurance agent will be contracted.

3.0 Where the insurance agent has operated as an insurance agent for another insurer prior to submitting a licensing application, the new application shall be accompanied by a letter from the previous insurer testifying to the competence, conduct of business and ethical standards maintained by the applicant in the performance of their work; and the reason for the termination of contract.

4.0 The applicant and the principal officer must:-

- (a) submit police clearance report attesting that they have no criminal record;
- (b) not be under investigation for an allegation of serious wrong doing by any competent investigative authority in Malawi;

(c) submit a credit reference report from a licensed credit reference bureau attesting absence of adverse credit history;

5.0 The application shall be accompanied with a non-refundable licence fee of Seven Five Thousand Kwacha only (**K75, 000.00**).

PART IV: LICENSING REQUIREMENTS FOR AN INDIVIDUAL INSURANCE AGENT

- 1.0 An applicant who is an individual must submit an application through an insurer.
- 2.0 An insurer shall have satisfied itself of the suitability of the proposed insurance agent before submitting an application for licensing of an individual as its insurance agent.
- 3.0 At a minimum, the insurer shall consider the requirements stipulated in *Part II* of these Guidelines.
- 4.0 The application shall be accompanied with a non-refundable licence fee of Seventy Five Thousand Kwacha (**K75, 000.00**).

PART V: APPROVAL PROCESS

For purposes of licence application, an applicant must submit the following:-

- 1.0 A certified true copy of the registration certificate of the insurance business;
- 2.0 Ownership structure of the applicant showing names, profession/business of proposed investors including beneficial owners, and percentage of shareholding;
- 3.0 Bio-data/résumé and certified true copies of educational and professional certificates of owners;
- 4.0 Organizational structure showing functional units and reporting relationships;
- 5.0 A copy of the bio-data/ résumé of the insurance agent's principal officer;

- 6.0 Certified true copies of educational and professional certificates for the principal officer;
- 7.0 Evidence of agency agreement with an insurer;
- 8.0 Letter from an insurer with whom the applicant had an insurance agency, if applicable;
- 9.0 Credit reference report from a licensed credit reference bureau;
- 10.0 Police clearance report ascertaining that the applicant has no adverse criminal record;
- 11.0 An applicable non-refundable licence fee as prescribed in these Guidelines.

PART VI: OTHER MATTERS

- 1.0 The applicant shall be required to commence business within 30 days from date of licence.
- 2.0 The Registrar shall satisfy himself, at any time before or after licensing, of the suitability of the premises for insurance business including branches.
- 3.0 An insurance agent shall obtain prior written approval of the Registrar on opening and closing of the branches.
- 4.0 Each new branch of an insurance agent shall be managed by an officer with a minimum qualification of a Certificate accredited by the Chartered Institute of Insurance of the United Kingdom or any other institution as approved by the Registrar, and must have at least 3 years satisfactory experience in the insurance industry.

PART VII: LICENCE RENEWAL REQUIREMENTS

- 1.0 A licence to operate as an insurance agent shall expire on 31 March of each year and shall be required to be renewed.

- 2.0 An application to renew a licence to operate as an insurance agent should be submitted to the Registrar between 1st January and 31st January of each year.
- 3.0 An application to renew a licence shall be submitted to the Registrar in the format prescribed under *Appendix II*.
- 4.0 An application shall be accompanied by a non-refundable licence renewal fee of Twenty Thousand Kwacha (**K20, 000.00**) payable to the Reserve Bank of Malawi.
- 5.0 Any submission received by the Registrar after 31st January shall attract a monetary penalty of ten thousand Kwacha only (K10, 000.00) and thereafter Five Thousand Kwacha only (K5,000.00) for each additional month of non-renewal. An insurance agent which is a registered company and does not wish to renew its licence, shall inform the Registrar within the renewal period.
- 6.0 An application to renew a licence shall be supported by documents indicated in *Part IV*, above.
- 7.0 Any application made after 1st April shall be considered as a new application.

ENQUIRIES

Enquiries concerning the preparation, submission and status of an application should be addressed to: -

The Director
Financial Sector Regulation Department
Reserve Bank of Malawi
P O Box 565
BLANTYRE

E-mail: fsr@rbm.mw

The licensing requirements, other guidelines and relevant forms can be downloaded from the Reserve Bank of Malawi's website: <http://www.rbm.mw>

APPENDIX I

APPLICATION FORM

1. Name of applicant:

2. Mailing address:

3. Phone no(s):

Fax no:

E - mail:

4. Location of offices:

i. Head office (provide physical address)

ii. Branches, if applicable

5. Indicate the legal form of the applicant (body corporate, partnership, sole proprietorship, etc.)

6. List names of the shareholders, indicating their addresses, nationality and their capital contributions

7. Principal officer:

- i. Name of individual designated as principal officer.
 - ii. Provide details regarding his/her professional and educational qualifications.
 - iii. Provide details regarding his/her employment history, including positions held and level of managerial experience.
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8. Provide name, address and account number of the insurance agent's Bankers.

9. Does the applicant or any of the promoters of the applicant carry on any business or have an interest in any business other than the insurance agent business? If yes, give full details, including the name of the business, its address, and the nature of its business?

10. Other information:

- i. Has the applicant (s), or any affiliate of the applicant ever been refused a licence under the Financial Services Law or under the laws of any other jurisdiction which required such licensing, or has any such licence been suspended or cancelled? (if yes, please provide details).
- ii. Provide details if any of the shareholder(s) have ever been:
 - a. charged or convicted under the laws of Malawi or any other country;
 - b. a defendant in any proceedings in any civil court or tribunal in any country where fraud, theft, misrepresentation, negligence or other similar conduct was alleged;
 - c. declared bankrupt or made a voluntary assignment in bankruptcy, or been subject of proceedings relating to insolvency, dissolution or winding up of business;

- d. recipient of a judgement or garnishment in any civil court in any country;
 - e. refused professional indemnity insurance or a fidelity bond or ever had any of such insurance cancelled;
- iii. Is there any person or entity, whose name is not disclosed in this application who has any direct or indirect beneficial interest in the applicant?
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11. Insurance markets:

- i. List all classes of insurance business to be served by the insurance agent.
 - ii. List the name of the principal insurance company whose products will be marketed by the insurance agent.
 - iii. Have you changed your principal insurance company in the past three years? (If yes, please outline the reasons for the change)
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DECLARATION

With regard to

APPLICATION FOR LICENCE TO CONDUCT BUSINESS AS AN INSURANCE AGENT

We, the undersigned, do hereby certify that:

- i) all the information given in response to and in support of the questions in this application is true and correct to the best of our knowledge and belief; and
- ii) this application is made in good faith with the purpose and intent that the affairs and business of the proposed insurance agent will at all times be honestly conducted in accordance with good and sound business principles and in full compliance with all applicable laws and regulations.

We further certify that to the best of our knowledge and belief there are no other facts or information relevant to this application of which the Registrar should be aware, and we pledge to promptly inform the Registrar of any material change to this application which may arise while it is being considered.

| NAME | SIGNATURE | TITLE/POSITION |
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| | | |

Date:.....

APPENDIX II

LICENCE RENEWAL APPLICATION FORM

1. Name of applicant:

2. Mailing address:

3. Phone no(s):

Fax no:

E - mail:

4. Location of offices:

i. Head Office (provide physical address)

ii. Branches (if applicable)

5. Indicate legal form of the applicant (body corporate, partnership sole proprietorship, etc)

6. List names of the shareholders, indicating their addresses, nationality, and their capital contributions.

7. Principal officer:

i. Name of individual designated as principal officer.

- ii. Provide details regarding his/her professional and educational qualification.
 - iii. Provide details regarding his/her employment history, including positions held and level of managerial experience.
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8. Provide name, address and account number of the insurance agent's Bankers.

9. Does the applicant or any of the promoters of the applicant carry on any business or have an interest in any business other than the insurance agent business? If yes, give full details, including the name of the business, its address, and the nature of its business?

10. Other information:

- i. Has the applicant (s), or any affiliate of the applicant ever been refused a licence under the Financial Services Law or under the laws of any other jurisdiction which required such licensing, or has any such licence been suspended or cancelled? (if yes, please provide details).
- ii. Provide details if any of the shareholder(s) has ever been:
 - a. charged or convicted under the laws of Malawi or any other country;
 - b. a defendant in any proceedings in any civil court or tribunal in any country where fraud, theft, misrepresentation, negligence or other similar conduct was alleged;
 - c. declared bankrupt or made a voluntary assignment in bankruptcy, or been subject of proceedings relating to insolvency, dissolution or winding up of business;

- d. a recipient of a judgement or garnishment in any civil court in any country;
 - e. refused professional indemnity insurance or a fidelity bond or ever had any of such insurance cancelled.
- iii. Is there any person or entity, whose name is not disclosed in this application who has any direct or indirect beneficial interest in the applicant?
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11. Insurance markets:

- i. List all classes of insurance business to be served by the insurance agent.
 - ii. List the name of the principal insurance company whose products will be marketed by the insurance agent.
 - iii. Have you changed your principal insurance company in the past three years? (If yes, please outline the reasons for the change)
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DECLARATION

With regard to

APPLICATION TO RENEW LICENCE TO CONDUCT BUSINESS AS AN INSURANCE AGENT

We, the undersigned, do hereby certify that:

- i) all the information given in response to and in support of the questions in this application is true and correct to the best of our knowledge and belief; and
- ii) this application is made in good faith with the purpose and intent that affairs and business of the proposed insurance agent will at all times be honestly conducted in accordance with good and sound business principles and in full compliance with all applicable laws and regulations.

We further certify that to the best of our knowledge and belief there are no other facts or information relevant to this application of which the Registrar should be aware, and we pledge to promptly inform the Registrar of any material change to this application which may arise while it is being considered.

| NAME | SIGNATURE | TITLE/POSITION |
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Date:.....