

# The Big Read Book Series Volume 25

Insurance regulation in Africa: Ten things to know about 12 countries

Publication | September 2025

## We are pleased to present the 2025 edition of insurance regulation in Africa – Ten things to know about 12 countries.

Africa continues to attract investor interest from insurance companies looking to grow in new and emerging insurance markets, and a network of competent local lawyers is essential in navigating start-up regulations, cross-border premium and claim payment mechanisms, cross-border dispute resolution, and engagements with local regulators. Our Africa presence is made up of three South African offices regularly advising on insurance and other commercial projects in South Africa and Africa through our Africa network. Our Alliance lawyers advise on groundbreaking cross-border transactions, projects, regulations, and support our clients in ongoing commercial and dispute operations across Africa and globally. We continue to extend our reach through strategic alliances with SM & Co. Advocates (Formerly Shonubi, Musoke and Co Advocates) in Uganda, Gill, Godlonton and Gerrans in Zimbabwe, and most recently, Walker Kontos in Kenya.

This guide provides an overview of common insurance regulatory issues in jurisdictions where our clients operate or seek to expand. It sets out the relevant regulators, whether foreign insurers may operate through branches or must establish local entities, and any restrictions on foreign direct investment. We address change-of-control requirements, including ownership or capital thresholds and whether regulatory approval or notification is needed. This guide also outlines regulatory capital frameworks, policyholder protection, and the extent of oversight of outsourcing arrangements. We aim for it to be a useful first stop for generic advice on the topics covered.

The information is up to date as at April 2025 and is not a substitute for legal advice.

We sincerely appreciate the contributions made to this edition by the contributing firms for the following jurisdictions: Angola, Botswana, Ghana, Kenya, Mauritius, Mozambique, Namibia, South Africa, Tanzania, Uganda, Zambia and Zimbabwe. Details of all contributors are available at the end of the publication.

For more information on any of the topics covered, please contact us or the relevant contributor.

**Patrick Bracher**

**Director**

Norton Rose Fulbright South Africa Inc

# Contents

---

Angola	04
Botswana	06
Ghana	09
Kenya	13
Mauritius	17
Mozambique	20
Namibia	23
South Africa	26
Tanzania	28
Uganda	31
Zambia	33
Zimbabwe	35

---

# Angola

Contributed by FBL Advogados

## The regulator

Under the Angolan Insurance Activity Law, insurers and reinsurers are deemed as non-banking financial institutions, subject to the Agência Angolana de Regulação e Supervisão de Seguros (ARSEG).

General insurers (including health insurers) and life insurers, as well as reinsurers and co-insurers carrying on business in Angola, must be authorised by and registered with ARSEG.

## Subsidiary/branch

In the current legal context, insured and reinsurance activities can be carried out by branches. In order to achieve this aim, authorisation must be granted by the regulator (ARSEG) which, under the terms of the law, assesses, among others, whether the company has the minimum period of five years of activity and determines that the branch to be set up is established under the form of a public limited company, with share capital not less than the minimum required.

## FDI restrictions

The establishment of a foreign investment-based insurance company needs to comply with specific FDI requirements applicable to the insurance activity sector including:

- At least 60 per cent of foreign capital to be invested must be made by insurers and financial institutions.
- Reputation and experience certificates must be issued by the home state authorities of the foreign company.

Any dividends to be transferred abroad which arise from the insurance activity need to be authorised by the local authorities.

## Change of control approvals

In addition to FDI restrictions, an insurance company is subject to ARSEG authorisation for any change in control.

Control is deemed to be the majority of the votes or shares in the insurance or reinsurance company, or the capacity to appoint its directors or determine its financial operating policies.

Every equity transaction among foreign shareholders needs to be approved by ARSEG. Notwithstanding, equity transactions among resident shareholders may only be subject to ARSEG's approval if they are above 20 per cent of the share capital.

## Minimum capital

The prescribed minimum capital amounts for insurers in Angola are:

- Combined Life and Non-life insurers: Kz 3,500,000,000.
- Life insurers: Kz 1,500,000,000.
- Non-Life insurers: Kz 1,200,000,000.

## Risk based capital insurers

The current Angolan legal regime is principally a rules-based capital framework. An insurer must maintain an excess of assets over liabilities of not less than the minimum required solvency margin and comply with the mandatory technical provisions computation.

A fraction of not less than 10 per cent of the net profits of insurance companies must be set aside each year to form a legal reserve until it reaches at least 50 per cent of the share capital.

Additionally, insurance companies must deposit technical provisions (monetary funds), mandatorily held in Angolan territory, with the Insurance Regularization Fund (IRF).

## Policyholder protection

Insurer and reinsurer companies must maintain statutory reserves, setting aside 10 per cent of the net profits annually, until such reserves reach 50 per cent of the company share capital. In addition, there are two funds that protect the policyholders' interests:

- The Motor Insurance Guarantee Fund (MIGF), which makes payments to certain policyholders with valid claims on an insolvent general or life insurer and is available for meeting claims for bodily injuries or death arising from motor accidents, supervised by ARSEG and the Finance Minister.
- The IRF, which secures the deposits made by the insurers, reinsurers and brokers in order to guarantee insurance compliance.

## Outsourcing of underwriting and other material functions

The Angolan legal system does not expressly deal with the outsourcing of business operations by an insurer or reinsurer. The existing regulatory practice is that ARSEG reviews outsourcing requests on a case-by-case basis.

The insurer must provide details of the types of activities to be outsourced, the party to whom the activities will be outsourced, the control measures in place, and the contingency plans and monitoring procedures to be applied.

## Regulation of the provision of intermediary services

In general, the legal framework applicable to insurance companies applies to the provision of intermediary services, but there are specific compliance requirements.

Insurance agents and brokers must be registered with ARSEG to operate in Angola and need to comply with mandatory requirements in order to pursue any insurance activity.

The prescribed minimum capital amount for insurance intermediaries is:

- Brokers and reinsurance brokers – US\$150,000.

## Are there any statutory and compulsory insurance products that have to be underwritten?

Insurers are required to underwrite the following compulsory insurance products:

- Motor vehicle liability insurance.
- Insurance against workplace risks, work accidents and occupational diseases.

Brokers need to procure mandatory professional indemnity insurance, with the minimum capital of US\$100,000 or US\$200,000, for pursuing insurance or reinsurance activities, respectively.



# Botswana

Contributed by: Khan Corporate Law

## The regulator

The Non-Bank Financial Institutions Regulatory Authority (NBFIRA) is the designated regulatory body for the insurance industry in the Republic of Botswana. General and long-term insurers, whether associations of underwriters or not, insurance brokers and insurance agents must all be licensed by the regulator. The insurance industry in Botswana is governed by the Insurance Industry Act No.10 of 2015, (CAP 46:01) which commenced on May 6, 2019.

In addition, there is the International Insurance Act CAP 46:07 of the laws of Botswana, which is an Act that seeks to regulate undertakings operating within or from Botswana that intend to carry on international insurance business. International Insurance Business is defined as the carrying on or the conducting, whether from within or outside Botswana, of any insurance business where each insured, the person to whom the policy moneys are payable, and the owner of the policy, or any one or more of such persons, is not domiciled or ordinarily resident in Botswana and includes reinsurance and captive insurance business. The Non-Bank Financial Institutions Regulatory Authority Act CAP 46:08 contains provisions applicable to the insurance industry in Botswana.

## Subsidiary/branch

In order for an insurer to be licensed within Botswana, it must be a company registered in accordance with the Companies Act (CAP 42:01) and resident therein.

A locally incorporated subsidiary can apply to be a licensed insurer. However, a branch of a foreign insurer which is not locally incorporated may not engage in insurance activities in Botswana.

## FDI restrictions

There are no FDI Restrictions and local insurance companies may be 100 per cent owned by foreign investors.

However, in order to obtain licensing, the company must be established as a resident company and the principal officer and persons involved in the day-to-day management of the company must be resident in Botswana.

## Change of control approvals

No person can, without the approval of NBFIRA, acquire or hold shares or any other interest in an insurer, insurance broker or insurance agent which will result in the said person becoming a controller, insurance broker or insurance agent. Failure to obtain approval will result in a fine not exceeding BWP 20,000.

A change of control can only be effected through the prior approval of the NBFIRA and any change of control without prior approval is void.

Notice of changes in control must be given to NBFIRA 60 days before lodging the application with full particulars of the transaction. At least 30 days before lodging the application, notices must be published in the Government Gazette and any newspaper of national circulation inviting anyone who is interested in the transaction to submit to NBFIRA any representation concerning the transaction within 30 days of publication.

## Minimum capital

A long-term insurer and reinsurer must maintain a minimum capital target which is the higher of:

- BWP 10 million.
- An amount representing 25 per cent of operating expenses as defined and reported in the annual return, estimated for the following year.

A general insurer must maintain a minimum capital target which is the higher of:

- BWP 5 million.
- An amount representing 25 per cent of operating expenses as defined and reported in the annual return estimated for the following year.

An insurance broker must maintain minimum capital which is the highest of:

- BWP 100, 000.
- 4 per cent of an amount representing the annual income from rendering services as an intermediary.
- 25 per cent of an amount representing expenses reported in the income statement of the annual return or part thereof if projections are for a shorter period.

An insurance agent must maintain a minimum capital which is the highest of:

- BWP 30,000.
- 4 per cent of an amount representing the annual income from rendering services as an intermediary.
- 25 per cent of an amount representing expenses reported in the income statement of the annual return or part thereof if projections are for a shorter period.

## Risk based capital insurers

Insurers must own assets in Botswana, the aggregate value of which on any day is not less than the aggregate value on that day of the insurer's net liabilities, when the value of those assets, net liabilities and capital target are calculated.

Insurers are further required to own assets in Botswana of fair value not less than 70 per cent, or such higher percentage which may be prescribed by NBFIRA, of the aggregate value of the insurer's net liabilities and prescribed capital target.

## Policyholder protection

Generally, there is a code of conduct which all insurers must comply with, by virtue of which they must conduct themselves in utmost good faith and integrity. There are capital requirements which all insurers must comply with, and which vary depending on the type of business the insurer transacts.

All insurers carrying on business are required to conduct an annual investigation of their financial soundness and all insurers are required within four months after the end of each financial year to furnish the following information to NBFIRA:

- Audited financial statements; prepared according to recognized international standards.
- Financial condition report.
- Complaints report.

Long term insurers must in addition to the above information provide the information indicated below:

- Annual statutory reports as provided by the Administrative rules.
- A valuator's report.

A general insurer, in addition to providing audited financial statements, financial condition reports and complaints reports, must provide the following additional information:

- Annual statutory returns.
- Approved persons report.

An insurance broker or insurance agent is required within four months after the end of each financial year to furnish the information below to NBFIRA:

- Financial condition report.
- Annual statutory returns.
- Compliance report.
- Complaints report.

An insurance broker or insurance agent is required within 30 days after the end of each quarter to furnish the information below to NBFIRA:

- Quarterly statutory returns.
- Complaints report.
- Register of representatives.

When it comes to winding up, both compulsory winding up and voluntary winding up of an insurer may only take place with the approval of the NBFIRA regardless of the provisions in the Companies Act or any other law. There are a number of factors that the NBFIRA will look into before approving a compulsory winding up, including that adequate provision has been made to protect the interests of policyholders.

In the event of the voluntary winding-up of an insurer, the winding-up must not have a negative effect towards the rights of policyholders, creditors or other persons to payment in full of their claims. All lawful claims against the insurer must be paid promptly and all funds and property held by the insurer must be returned to the lawful owners within a period to be determined by NBFIRA.

## Outsourcing of underwriting and other material functions

There are currently no outsourcing restrictions which have been prescribed to matters which do not require licensing.

## Regulation of the provision of intermediary services

Provision of insurance intermediary services such as by insurance brokers, insurance agents and underwriting associations are required to be licensed and NBFIRA may impose conditions for such business.

## Are there any statutory and compulsory insurance products that have to be underwritten?

No insurance products have been prescribed for compulsory underwriting.





# Ghana

Contributed by Bentsi-Enchill, Letsa & Ankomah

## The regulator

The National Insurance Commission (the Commission), established under the Insurance Act of Ghana, 2021 (Act 1061) (the Insurance Act), is the regulatory body responsible for the administration, supervision, regulation, monitoring and control of the insurance industry in Ghana.

## Subsidiary/branch

Generally, unless authorised by the Commission, a person is prohibited from carrying on insurance business or entering into a restricted insurance contract with an unlicensed insurance company. A restricted insurance contract is a contract in respect of:

- Property situate in Ghana.
- Liability arising in Ghana.
- Goods other than personal effects being imported into Ghana.

However, the Commission may:

- Grant written approval to a foreign reinsurer to establish a reinsurance contact office, on application by the foreign reinsurer.
- Authorise a foreign insurer (including an underwriter which is a member of a recognised association of underwriters) as sole insurer, or coinsurer with one or more licensed insurers, to enter into a restricted insurance contract(s) or an insurance contract of a specific type or description, if the Commission is of the opinion that there is insufficient capacity in Ghana to insure the risk covered or there is no insurer willing to insure the risk under the insurance contract and the Commission is satisfied that:

- The foreign insurer is authorised in its home country to enter into an insurance contract of the type for which authorisation is sought.
- The foreign insurer has satisfied regulatory and supervisory requirements in its home country in relation to the business to be carried out under the authorisation.
- The insurance contract will be considered as lawfully entered into by the foreign insurer if entered into in its home country.

## FDI restrictions

There are no FDI restrictions for the insurance industry. Foreign investors may freely invest in insurance businesses in Ghana. Any acquisition of significant shares or ownership in an insurance, reinsurance or intermediary company must however receive the prior approval of the Commission.

Further, under the Ghana Investment Promotion Centre Act, 2013 (Act 865), enterprises with foreign participation are required to be registered with the Ghana Investment Promotion Centre before the commencement of operations. In addition to registration, a foreign investor is required to invest a minimum of US\$500,000 in the case of a wholly-owned venture. In the case of a joint venture, the foreign investor is required to invest a minimum of US\$200,000 and have a minimum of 10 per cent Ghanaian participation in the joint venture. The capital to be invested may be in cash or capital goods (or a combination of both).

The transfer of funds in relation to the investment is also required to be made through authorised dealer banks and confirmed by the Bank of Ghana, the central bank.

## Change of control approvals

Any sale, transfer or disposal of significant shares or ownership of an insurance, reinsurance or insurance intermediary company requires the prior written approval of the Commission. Significant owner means a person who exercises significant influence over the undertaking. The Commission has not yet issued any directives or guidelines on the acquisition thresholds that will be considered as resulting in the exercise of significant influence. However, regarding connected persons for solvency requirement purposes, the Commission has defined a significant owner as a person who holds 10 per cent or more of the issued shares or the power to exercise such voting rights or the power to appoint or remove one or more directors/ members of a committee of director.

The Commission is likely to adopt the same approach in determining a change in control. An application for approval must be made by the licensed Ghanaian insurer, reinsurer or intermediary.

## Minimum capital

All persons engaged in insurance business are required to maintain the following minimum capital requirements:

- Life/Non-Life Insurer: GHS 50,000,000.
- Reinsurance: GHS 125,000,000.
- Insurance broker: GHS 500,000.
- Reinsurance Broker: GHS 1,000,000.
- Corporate agents (bancassurance included): GHS 100,000.

## Risk based capital insurers

### Solvency margin

Insurers and reinsurers are required to maintain a capital adequacy ratio of 150 per cent at all times.

All life and non-life insurers must maintain a minimum solvency capital of 20 per cent of the minimum capital required.

## Contingency reserves

All insurers are required to maintain the underlisted contingency reserves and such reserves cannot be released without the prior written approval of the Commission:

Life insurers: credit an amount equal to one per cent of its net premiums to its contingency reserve account annually.

Non-Life insurers: credit an amount equal to the greater of three per cent of gross premiums, or 20 per cent of net profits to its contingency reserve account annually.

The non-life insurer must also allow its contingency reserve to accumulate until it reaches an amount equal to the greater of:

- The capital that the insurer is required to maintain under the Insurance Act.
- 50 per cent of its net premiums.

## Statutory deposits

Licensed insurers and reinsurers must deposit into an account established and maintained by an approved bank, in the joint names of the insurer/reinsurer and the Commission, funds in an amount greater than or at the least equal to an amount specified by the Commission.

## Reinsurance

A licensed insurer or reinsurer is required to establish and maintain a written reinsurance or retrocession strategy and plan and may not without the prior written authorisation of the Commission enter into a reinsurance contract other than with a licensed reinsurer, or qualifying reinsurer, in accordance with terms or directives specified by the Commission.

The Commission may also authorise an insurer to enter into a reinsurance contract as a cedant with a foreign reinsurer or underwriter who is a member of a recognised association of underwriters, on the application of the licensed insurer.

### **Risk management policy**

Insurers are required to adopt risk management strategies, policies, procedures and controls to cover risks associated with its investment activities that may affect the insurer's liabilities or ability to meet its solvency capital requirement.

### **Policyholder protection**

Licensed insurers and reinsurers are required to establish a governance framework, including procedures and controls, to recognise and protect the interest of policyholders of that insurer or reinsurer.

The Insurance Act has established the Motor Compensation Fund and the Client Rescue Fund for the protection of policyholders.

The Motor Compensation Fund is available to compensate persons who suffer injury or death through motor accidents or dependants of a person who dies through a motor accident and who are unable to obtain compensation from an insurance company. The fund is managed by the Commission with the assistance of a Motor Compensation Fund Committee comprising representatives of the Commission and motor underwriting companies and is funded from a percentage of motor insurance contributions received by the Commission.

The Client Rescue Fund, also managed by the Commission, is set up for compensating policyholders of insurers and reinsurers that are wound up as insolvent.

The fund is funded from yearly contributions by licensed insurers and reinsurers and managed by the Commission in consultation with a committee of representatives from insurers and reinsurers who contribute to the fund.

### **Outsourcing of underwriting and other material functions**

An insurer is permitted to enter into outsourcing arrangements in respect of certain aspects of its functions.

The material functions of an insurance or reinsurance business which relate to risk management, compliance, internal audit, actuarial functions and any other function specified by the Commission cannot be outsourced without the prior approval of the Commission. The insurer or reinsurer has overall responsibility for and oversight of the outsourced functions.

### **Regulation of the provision of intermediary services**

Any person or a body corporate that wishes to provide intermediary services (broker, agent, bancassurance, loss adjuster, technical service provider, micro insurance agent, syndicate manager or third party cell captive provider) requires a licence from the Commission. Thus, with the exception of persons carrying on business as innovative insurance intermediaries:

- A person is prohibited from carrying on or purporting to carry on business as an insurance intermediary in Ghana.
- A company incorporated in Ghana is prohibited from carrying on or purporting to carry on insurance intermediary business outside Ghana, unless such person or body corporate is licensed as an insurance intermediary by the Commission for that purpose.

The prior written approval of the Commission is required for an offshore insurance intermediary to open, maintain and carry on business through a contact office in Ghana.

In practice, the Commission does not grant approval to offshore insurance intermediaries to operate contact offices. It is the preference of the Commission that offshore insurance intermediaries incorporate subsidiaries in Ghana.

An insurance intermediary licence is valid for 12 months from the date of issue and subject to renewal, on application to the Commission, except for corporate agent and sub-agent licences which run from May 1 to April 30 and January 1 to December 31 each year, respectively. Licences for brokers, loss adjusters and technical service providers may only be issued to companies.

Licensed insurers and reinsurers are prohibited from having an interest in companies issued with intermediary licences.

Regarding significant owners:

- Any person issued with an insurance intermediary licence may not be a significant owner of a licensed insurer or reinsurer.
- A significant owner of a licensed broker will not be:
  - Granted an insurance intermediary licence as an agent or micro insurance agent.
  - Issued with an insurance or reinsurance broker licence.
- A significant owner of a licensed broker will not be appointed a director of a:
  - Licensed insurer or reinsurer.
  - Licensed intermediary in the category of insurance agents, loss assessor, loss adjuster or micro insurance agent.

Regarding directorships in licensed intermediaries:

- Directors, officers or employees of licensed insurance and reinsurance brokers cannot be appointed as directors of a licensed insurer or reinsurer.
- Directors, officers, employees or a significant owner of a licensed insurer or reinsurer cannot be appointed a director, officer or employee of a licensed broker.

Regarding licensing:

- A licensed insurance or reinsurance broker may not be issued with an insurance agent licence.
- A company issued with an insurance agent licence may not hold an insurance or reinsurance broker licence.
- A company issued with a loss adjuster licence may not operate as a broker or agent and be issued with the corresponding licences.

Further, an applicant for an insurance broker licence must have at least 75 per cent of the controlling interest of shares, paid-up capital, interest or voting.



# Kenya

Contributed by Walker Kontos

## The regulator

The regulator is the Insurance Regulatory Authority (IRA) whose role is to ensure the effective administration, supervision, regulation and control of insurance and reinsurance business in Kenya. IRA licenses all persons involved in insurance business including insurers, reinsurers, brokers, agents, risk managers, motor assessors, insurance investigators, loss adjusters and assessors, insurance surveyors, medical insurance providers and claims settling agents.

## Subsidiary/branch

To carry on insurance business in Kenya, one has to be registered under the Insurance Act (Chapter 487 of the Laws of Kenya) (the Insurance Act) and to be so registered, one must be a company incorporated under the Companies Act (Chapter 486 of the Laws of Kenya) (the Companies Act).

## FDI restrictions

At least a third of the controlling interest of an insurer must be owned by citizens of Partner States of the East African Community (EAC), or by a partnership all of whose partners are citizens of EAC Partner States or by a body corporate whose shares are wholly owned by citizens of EAC Partner States or wholly owned by the Government.

A broker may only be registered if it is registered as a company under the Companies Act and if the company has a paid up capital of not less than Kenya Shillings One Million (KES.1,000,000.00) (approx. USD 7,752) of which not less than sixty per cent is owned by Kenyan citizens, by a partnership whose partners are all citizens of Kenya, or by a corporate body whose shares are wholly owned by citizens of Kenya or which is wholly owned by the Government.

There is a restriction on any person:

- Controlling or being beneficially entitled, directly or indirectly to more than twenty-five per cent of the paid-up share capital or voting rights of an insurer.

- Being entitled to appoint more than twenty-five per cent of the board of directors of an insurer.
- Being entitled to receive more than twenty-five per cent of the aggregate dividends of an insurer unless the person is:
  - A corporate entity licensed by an insurance, banking, pensions or securities regulator in Kenya.
  - A foreign corporate entity licensed by an insurance, banking, pensions or securities regulator in its country of origin.
  - The Government of Kenya.
  - A state corporation within the meaning of the State Corporation Act (Chapter 446 of the Laws of Kenya).
  - A company listed in a stock exchange.

There is a further restriction on the appointment of a person as an executive director, managing director, principal officer or other senior management official of an insurer if such person:

- Controls, or is beneficially entitled, directly or indirectly, to more than twenty per cent of the paid-up share capital or voting rights of the insurer.
- Is entitled to appoint more than twenty per cent of the Board of Directors of the insurer.
- Is entitled to receive more than twenty per cent of the aggregate dividends of the insurer in any given financial year.

A third of the board members or managing board of an insurer must be citizens of Kenya for such a company to be licensed to transact insurance business or have its licence renewed.

## Change of control approvals

The prior written approval of the Commissioner of Insurance (who is the chief executive officer of the IRA) (the Commissioner) of a proposed transfer, disposal or acquisition of more than ten per cent (10%) of the paid up share capital or voting rights of an insurer must be obtained before such transfer, disposal or acquisition can be legitimately effected.

Any such transfer, disposal or acquisition without the prior written approval of the Commissioner is null and void *ab initio*.

Directors and significant owners of any persons registered under the Insurance Act must also be approved by the IRA as fit and proper.

## Capital requirements

The current minimum capital requirements are as follows:

Class of insurance business	Capital requirements are the higher of
General insurance business	<ul style="list-style-type: none"> <li>• KSh600 million (approx. USD 4,651,163).</li> <li>• Risk-based capital determined from time to time.</li> <li>• 20% of the net earned premiums of the preceding financial year.</li> </ul>
Long term (life) insurance business	<ul style="list-style-type: none"> <li>• KSh400 million (approx. USD 3,100,775).</li> <li>• Risk-based capital determined by IRA from time to time.</li> <li>• 5% of the liabilities of the life business for the financial year.</li> </ul>
General reinsurance business	<ul style="list-style-type: none"> <li>• KSh1 billion (approx. USD 7,751,938).</li> <li>• Risk-based capital determined by IRA from time to time.</li> <li>• 20% of the net earned premiums of the preceding financial year.</li> </ul>
Long term (life) reinsurance business	<ul style="list-style-type: none"> <li>• KSh500 million (approx. USD 3,875,969).</li> <li>• Risk-based capital determined by IRA from time to time.</li> <li>• 5% of the liabilities of the life business for the financial year.</li> </ul>

The minimum capital requirements specified above must consist of government bonds and Treasury Bills; deposits and cash with a maximum of 10 per cent in any one bank or group of banks; and cash and cash equivalent in the case of a new company.

The cut-off date for compliance with the above capital requirements by all insurers registered prior to the coming into force of these requirements is June 30, 2018.

## Risk based capital insurers

Insurers must maintain a capital adequacy ratio (a measure of the capital available as a percentage of the capital required) of one hundred per cent (100%) of the minimum capital prescribed under the Insurance Act.

Risk Based Capital (RBC) required is the square root of the sum of squares of Capital required for:

- Insurance Risk.
- Market Risk.
- Credit Risk.

Plus the Capital Required for Operational Risk i.e.

$RBC = \sqrt{(\text{Insurance Risk}^2 + \text{Market Risk}^2 + \text{Credit Risk}^2)} + \text{Operational risk capital.}$

## Policyholder protection

The Insurance (Policyholders Compensation Fund) Regulations, 2010 establishes the Policyholders' Compensation Fund (the Fund) into which insurers and their policyholders each contribute an equal sum of one-quarter per cent (0.25%) of the premium payable by the policyholder under the relevant policy.

Every insurer collects from its policyholders the contribution payable by the policyholder at the commencement of a policy issued to the policyholder and remits the contribution together with its own contribution to the Board of Trustees of the Fund, within thirty (30) days of the issue or renewal of the policy.

Should an insurer become insolvent, then the Board of Trustees of the Fund provides compensation to policyholders depending on the class of insurance offered by the policy, and upon a claim for such compensation being made by the policyholder. This protection for policyholders is limited to those holding Kenyan policies.

The Board of Trustees of the Fund may open separate accounts for general or long-term insurance business.

A policyholder who does not make a claim for compensation within two years of the insolvency of an authorised insurance company is not entitled to claim any compensation from the Board of Trustees of the Fund.

## Regulation of the provision of intermediary services

Intermediaries such as brokers, agents, risk managers, motor assessors, insurance investigators, loss adjusters, insurance surveyors, medical insurance providers, or claims settling agents must be registered under the Act for them to transact as such.

Intermediaries (who are corporate persons) are required by the Commissioner to periodically furnish true and accurate audited accounts, statements and returns relating to their business in the appropriate form.

An intermediary is prohibited from receiving any premiums on behalf of an insurer, and an insurer may not assume a risk in Kenya in respect of insurance business unless and until the premium payable thereon is received by the insurer.

## Are there any statutory and compulsory insurance products that have to be underwritten?

Every insurer must reinsure with the Kenya Reinsurance Corporation Limited (Kenya Re) a proportion of each policy of insurance issued or renewed in Kenya by the insurer, in such proportion, manner and subject to such terms and conditions as are prescribed but this does not specify particular insurance products hence a general requirement. An insurer must similarly place with Kenya Re such proportion of its reinsurance business (currently at twenty per cent (20%)) from Kenya placed in the international reinsurance market, excluding facultative reinsurance.



In addition to the above requirement, insurers and re-insurers must place (a) with the Preferential Trade Area Re-insurance Company (Zep-Re) at least ten per cent (10%) of each of their re-insurance cessions, both present and future, placed in the international insurance market; and (b) with the African Re-insurance Corporation, at least five per cent (5%) of each of their re-insurance cessions, both present and future, including life treaties.

## Other growing areas of insurance business

### Takaful insurance business

This is a Shariah-compliant insurance business product that is based on group participation guaranteeing each of the members against defined loss or risk. No person may undertake takaful insurance business unless they are licensed under the Insurance Act.

IRA issued draft regulations to operationalize the takaful insurance business (Insurance (Operations of Takaful) Regulations 2018) but these are yet to be gazetted into law.

### Bancassurance

This is an arrangement between financial institutions through their wholly owned insurance intermediaries and insurers through which the intermediary markets and distributes insurance products to various clients. It involves collaboration between a bank, a microfinance bank or a financial institution, and an insurance company to market and distribute insurance products.

The Insurance (Bancassurance) Regulations, 2020 govern and regulate bancassurance business and bancassurance intermediaries.

A person who intends to carry on bancassurance business in Kenya must be, *inter alia*:

- Incorporated in Kenya.
- Wholly owned by a bank, microfinance bank or other financial institution regulated in Kenya.
- Have a minimum paid up capital of Kenya Shillings Five Million (KES.5,000,000.00) (approx. USD 38,760).

### Microinsurance

This is insurance that is accessed by or accessible to the low-income population, including the underserved markets, provided by a variety of different entities and managed in accordance with generally accepted insurance principles.

A microinsurance contract must satisfy, *inter alia*, the following criteria:

- The policy offers protection to an individual or members of a group and their property and excludes third party liability risks.
- The contract term of the policy does not exceed twelve months and may be renewable at the end of the contract term without the need for a new policy document subject to the payment of premium.
- The amount of daily premiums or contributions does not exceed Kenya Shillings Forty (KES.40.00) (approx. USD 0.31).
- The sum insured is not more than Kenya Shillings Five Hundred Thousand (KES.500,000.00) (approx. USD 3,876).





# Mauritius

Contributed by Appleby

## The regulator

Insurance business is regulated by the Financial Services Commission (FSC) in Mauritius, through the Enforcement Committee, which is empowered to exercise the disciplinary authority of the FSC to impose administrative sanctions on regulated insurance businesses as it deems fit. The FSC licenses insurance/reinsurance companies as well as insurance service providers (insurance brokers, insurance agents (company/ individual), insurance managers, and insurance salespersons and claims professionals). No person or corporation can carry on, or hold itself out as carrying on, insurance business of any category or class, in or from within Mauritius except under the authority of a licence issued by or with the relevant approval of the FSC under the Insurance Act (the Act).

The Act concentrates on regulatory issues in respect of capital adequacy, solvency, corporate governance, early warning systems and the protection of policyholders, in line with the International Association of Insurance Supervisors (IAIS) standards and principles.

The FSC is mainly responsible for the proper and adequate maintenance of the insurance market to the benefit and protection of consumers, safeguarding the fair treatment of policyholders, deterrence of financial crime and systematic progress in the industry *inter alia*.

## Subsidiary/branch

Prior written notification to the FSC is required in the event that a person licensed to carry on insurance business wishes to open a branch in Mauritius, or open a branch, agency or set up or acquire any subsidiary in any country outside Mauritius.

There are no requirements for a reinsurer, organised under the laws of any country outside Mauritius, to be licensed in Mauritius in order to underwrite risks from insurers in Mauritius.

A foreign company is authorised to carry on insurance business in or from within Mauritius, if it is registered under the Companies Act in Mauritius and has a satisfactory record of at least three years experience in handling the category and class of insurance business in respect of which the application is made, in the country under whose laws it is organised.

## FDI restrictions

Where an insurer holds a Global Business Licence (GBL) issued by the FSC, its shareholders must be foreigners. However, where an insurer is a domestic company, that does not hold a GBL, any foreigner who intends to hold shares in the company must be duly authorised by the relevant minister under the Non-Citizen's (Property Restrictions) Act 1975.

## Change of control approvals

In general, no shares, or any legal or beneficial interest in a licensee of an insurer can be issued or transferred without the approval of the FSC. Subject to the Financial Services Act (FSA), the approval of the FSC is required for the issue or transfer of shares save for the issue or transfer of shares or legal or beneficial interests in a licensee being less than five per cent, provided that this does not result in a change of control.

No acquisition or holding of shares of 20 per cent or more in an insurer may be done without the prior approval of the FSC. The FSC reserves the right to deny such approval if the applicant is not fit and proper, if the acquisition is contrary to the interests of the policyholders or of the insurer, or to the public interest.

## Minimum capital

### General Insurance (GI)

The minimum capital requirement (MCR) for a General Insurance business is calculated in accordance with the Insurance (General Insurance Business Solvency) Rules 2007 (Rules). It is the sum of capital required for balance sheet assets, for investment above the concentration limit, policy liabilities, catastrophes, and capital required for reinsurance, calculated as per the Rules.

### Long Term Insurance (LTI)

According to the Insurance (Long-Term Insurance Business Solvency) Rules 2007, a Long Term Insurance business must maintain a solvency margin at least equal to the minimum capital requirement.

## Risk based capital insurers

### General insurance

A General Insurance insurer must keep a solvency margin of at least 100 per cent of the minimum capital requirement and the capital requirement ratio must at all times be at the target level of at least 150 per cent. It must notify the FSC if it suspects its capital requirement ratio will fall below the above targeted level and submit a contingency plan to meet the targeted level for approval by the FSC.

### Long Term Insurance

The minimum capital requirements for a Long Term Insurance insurer is determined by its actuary, as the higher of:

- A stress test requirement as issued by the FSC to ensure that the insurer remains solvent.
- The higher of:
  - An amount of RS25 million.
  - An amount representing 13 weeks operating expenses, with operating expenses as defined and reported in the annual statutory return submitted to the FSC.

The Minimum Capital Requirements of any overseas branch business must be added to the insurer's above calculation.

## Policyholder protection

There is established for the protection of policyholders the Insurance Industry Compensation Fund (Compensation fund) for the payment of:

Any claims in respect of risks situated in Mauritius as may be prescribed, against an insurer, which remains unpaid due to insolvency of that insurer.

Compensation to persons suffering personal injury in traffic accidents. The Compensation Fund may be structured into different sub funds to cater for different classes of policies.

## Outsourcing of underwriting and other material functions

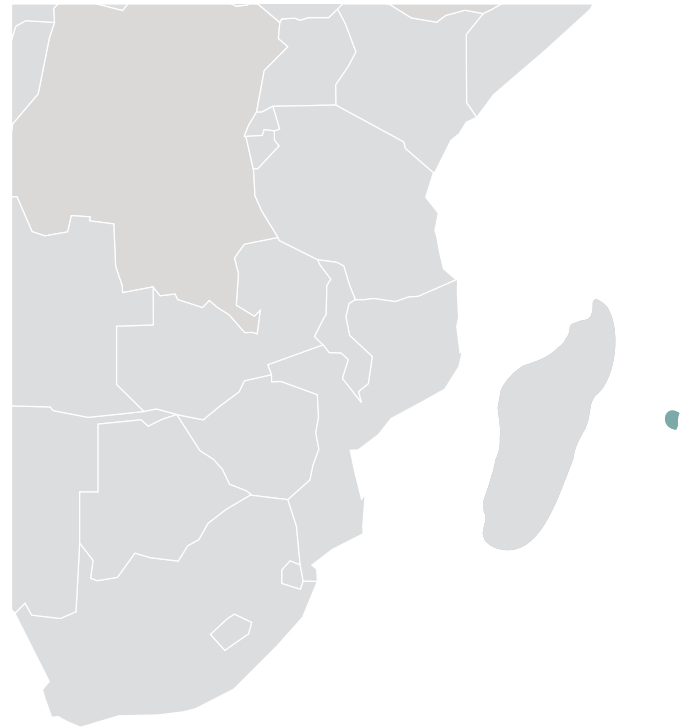
The Insurance (Risk management) Rules 2016 provide that when delegating or outsourcing any function, an insurer needs to ensure that the delegate is fit and proper and is able to meet the requirements of the rules. An insurer will not be discharged from its responsibilities upon any delegation or outsourcing arrangement and it has to ensure compliance with all requirements of the Act and any regulations made thereunder. The insurer has the duty to make available all books and records relating to any delegation/outsourcing to the FSC for inspection. An insurer is further required to identify, assess, manage, mitigate and report on risks associated with outsourcing to ensure that it can meet its financial and service obligations. An insurer is also required to reassess its risk profile and determine whether additional control, monitoring or reporting is required.

### **Regulation of the provision of intermediary services**

Insurance managers, insurance agents and insurance brokers must be licensed by the FSC in order to provide their services in Mauritius.

### **Underwriting requirements**

An insurer is required to make adequate technical provisions in its accounts for its underwriting liabilities in respect of its insurance policies, whether long term or general, as the case may be, including liabilities for unexpired risks, outstanding and incurred claims, provisions for claims incurred but not reported, and liabilities for policy benefits which have not become claimable, computed in accordance with a method specified in the solvency rules.



# Mozambique

Contributed by JLA Advogados (member of Abreu International)

## The regulator

The insurance regulator in the Republic of Mozambique is the Insurance Supervisory Institute, known by its Portuguese acronym ISSM (Instituto de Supervisão de Seguros de Moçambique) operating under the authority of the Ministry of Economy and Finance.

The governing laws are the Law of Insurance, Decree no. 1/2010 of December 31st, and the Regulation of the Conditions of Access and Exercise of the Insurance Activity and of the Respective Mediation, Decree no. 24/2023, of May 19th.

Insurance activities are divided into the classes of "life" and "non-life". An insurance company can provide either Life or Non-Life insurance products, but never both (with the exception of insurance companies which were authorised, prior to the publication of the Insurance Legal Regime and in compliance with certain legal requirements).

## Subsidiary/branch

Both Mozambican incorporated entities and branches of foreign insurers are permitted to carry out insurance business in Mozambique.

All forms of insurance companies – whether public limited companies or mutual insurance companies headquartered in Mozambique or foreign branches of insurance companies – must obtain an authorisation from the Ministry of Economy and Finance, and comply with the minimum share capital requirements and supervisory guarantees (notably share capital, technical provisions and solvency margin) required to operate. Foreign insurance company branches may only be authorised to operate the classes of insurance for which the insurer is authorised in its home state.

The Insurance Legal Regime prohibits local risks from being insured by foreign insurance companies not established in Mozambique (insurance arrangements in breach of this limitation are unenforceable in Mozambique). However, the placement of a policy with a foreign insurer is permitted with prior authorisation of the ISSM where evidence is provided that local insurance companies have refused to cover the relevant risk.

## FDI restrictions

Foreign direct investment transactions are subject to the authorisation and/or registration of the exchange control authority – the Bank of Mozambique.

Foreign or domestic companies may benefit from certain incentives and benefits by submitting an Investment Project to the Agency for the Promotion of Investment and Exports, IP, with a minimum threshold of MZN7.5 million. The Agency for the Promotion of Investment and Exports, IP, known by its Portuguese acronym APIEX, IP, is the public institute prioritizing the development and implementation of actions aimed at the promotion and management of processes for the realization of private and public investments, of national or foreign origin, including Special Economic Zones and Industrial Free Zones, as well as the promotion of national exports.

## Change of control approvals

The acquisition of a qualified shareholding:

- directly or indirectly, a percentage corresponding to not less than 10 per cent of the share capital or voting rights; or
- the increase of an existing holding in an insurance company whose percentage of capital or voting rights reaches or exceeds the thresholds of 20 per cent, 33 per cent or 50 per cent,

is subject to the prior authorisation of the Minister of Finance and the application for the authorisation must be submitted through the ISSM.

The holders of such qualified shareholding are obliged to comply with the duty to maintain adequate, accurate and up-to-date information on the beneficial owners and the identity of the management bodies.

### Minimum capital

The minimum share capital thresholds for insurance and reinsurance companies are:

- MZN97 million, to exercise either policy falling under the category of general insurance.
- MZN196 million for life insurance.
- MZN 295 million jointly for life insurance and general insurance category.
- MZN45 million to exercise either policy falling under the category of general insurance, namely health or assistance.
- MZN 400 thousand for Insurance Agents Commercial Company.
- MZN 1 million, a hundred thousand for Insurance Broker.
- MZN 1 million, five hundred thousand for Reinsurance Broker.

The minimum guarantee capital thresholds for mutual insurance companies are:

- MZN22 million, to exercise either policy falling under the category of General Insurance, namely Health or Assistance.
- MZN37 million for non-life.
- MZN74 million for life insurance.

### Risk based capital insurers

In order to carry out insurance services, authorised entities must establish two types of securities: technical provisions and solvency ratio.

The valuation criteria for the assets corresponding to the available solvency margin are set by the ISSM, taking into account the criteria defined for accounting purposes such as the size of liabilities assumed by insurance contracts.

The available solvency ratio relates to:

- The assets of the insurer, free from any foreseeable obligation and deducted from intangible assets, in the case of insurers based in the Republic of Mozambique.
- The assets, free of any foreseeable obligation and less the intangible elements in the case of branches of insurance companies with head office abroad.

### Policyholder protection

Authorised insurance providers in the Republic of Mozambique must establish and maintain, at all times, legally required technical provisions of a reasonably foreseeable amount sufficient to satisfy the commitments arising from contracts and insurance operations.

The technical provisions applicable to insurers are as follows:

- Provision for unearned premiums.
- Provision for risks in progress.
- Mathematical provision for insurance and life insurance operations.
- Provision for claims.
- Provision for profit sharing.
- Provision for loss variations.

Branches are also required to allocate to its operations in Mozambique an establishment fund not less than its minimum capital prescribed by law.

In a more general sense, consumers are protected by the Consumer Protection Law, Law no. 22/2009 of September 28th, and its approved regulation, Decree no. 27/2016 of July 18th.

The Insurance Law references consumer protection and the prohibition of discriminatory practices, as found within the Mozambican Commercial Code; which guides the rules for the clauses of contracts and for adhesion contracts, as well as the rules of defence and consumer protection, which do not contravene the provisions of the Insurance Law.

The Commercial Code governs the commercial relations between entrepreneurs, enterprises and commercial acts, including insurance contracts.

Both the Insurance Law and Consumer Protection Law govern the area in question so long as one does not contradict the other. However in the event of a conflict between the two regulations, the Insurance Law prevails.

### **Outsourcing of underwriting and other material functions**

Outsourcing is not subject to specific regulation.

### **Regulation of the provision of intermediary services**

The exercise of intermediary insurance services in Mozambique requires the approval by the ISSM. Such approval is subject to the filing of the relevant application and documentation evidencing compliance with the economic, fit and proper and qualification requirements set forth in law. The insurance intermediaries encompass the following categories: insurance and reinsurance brokers; insurance agents; and insurance promoters.

### **Are there any statutory and compulsory insurance products that have to be underwritten?**

The following insurance products are mandatory in the Republic of Mozambique:

- Motor vehicle liability insurance.
- Sports insurance.
- Civil liability insurance of the insurance intermediary.
- Condominium insurance.
- Fire insurance.
- Occupational accident and illness insurance.
- Civil liability insurance for law firms.
- Liability insurance.
- Liability insurance for private security companies.



# Namibia

Contributed by Cronjé Inc.

## The regulator

The insurance industry is regulated by the Namibia Financial Institution Supervisory Authority (NAMFISA) under the Short-Term Insurance Act of 1998 (STIA) and Long-Term Insurance Act of 1998 (LTIA). NAMFISA is an independent institution established under the Namibia Financial Institution Supervisory Authority Act, 3 of 2001 to regulate and supervise the non-banking financial sector in Namibia. The Chief Executive Officer of NAMFISA performs the functions of both the Registrar of Short Term Insurance and the Registrar of Long Term Insurance. Both long and short-term insurance brokers are required to be members of a controlling body.

The controlling body for long-term insurance brokers is the Life Assurers Association of Namibia (LAAN) and the controlling body for short-term insurance brokers is NIBA (Namibia Insurance Brokers Association).

## Subsidiary/branch

The Companies Act of 2004 makes extensive provisions for the regulation of subsidiaries and branches of companies. However this Act does not apply to any company or external company (branch) or society which is subject to any law relating to insurance companies in so far as such insurance legislation is inconsistent with the Companies Act. The existing insurance legislation requires a registered insurer (long or short-term) to be a public limited liability company of which the managing director and at least 50 per cent of the directors should be Namibian citizens resident in Namibia.

## FDI restrictions

The Foreign Investments Act of 1990 makes no direct provision for specific restrictions with respect to insurance business activities, but under section 3 highlights the business activities that may be carried out by foreign nationals. This includes the provision that a foreign national may invest and engage in any business activity in Namibia, thus providing for equal treatment between business holders.

It is however worth noting that under the LTIA, no registered insurer or reinsurer may carry on business in Namibia other than long-term insurance business, issue policies other than those written as domestic policies, or vary a domestic policy so that it becomes payable either outside Namibia or in currency that is not Namibia dollars. An exemption may be granted by the Registrar in certain instances. The position is the same under the STIA.

## Change of control approvals

Section 67 of the STIA and Section 68 of the LTIA provides that no acquisition of shares or any other interest in the short-term insurance business or long-term insurance business of a registered insurer or reinsurer, that results in the holding of 25 per cent or more of the value of all the shares or other interest in such business, is of any force and effect unless that acquisition has previously been approved by the Registrar in writing.



## Minimum capital

Section 16 of the STIA and the LTIA deals with minimum capital requirements:

- Where a person applies for registration for one class of insurance:
  - Short-term and long-term insurance business, excluding Reinsurance Business: N\$1 million.
  - Reinsurance Business: N\$5 million.
- Where a person applies for registration for two or more classes of insurance:
  - Short-term insurance or long-term Insurance business, excluding Reinsurance business: N\$4 million.
  - Reinsurance Business: N\$10 million.
- Where a person applies for registration in respect of a funeral insurance business only: N\$100,000.

## Deposits

- Where a person applies for registration in respect of a funeral insurance business only: N\$50,000.
- Where a person applies for registration for one class of insurance:
  - Short-term insurance business excluding reinsurance business: N\$50,000.
  - Long-term insurance business other than Funeral insurance business and reinsurance business: N\$100,000.
  - Reinsurance business: N\$500,000.

- Where a person applies for registration for two or more classes of insurance:
  - Short-term and long-term insurance business excluding Reinsurance business: N\$100,000.
  - Long-term insurance business other than funeral insurance business and reinsurance business: N\$200,000.
  - Reinsurance business: N\$1 million.

## Risk based capital insurers

Every registered insurer and reinsurer must make proper arrangements for ensuring that its net liabilities will, at all times, be met. The draft Insurance Standard under the Financial Institutions and Markets Act of 2021 requires that insurers maintain sufficient capital in Namibia as well as unencumbered reserves which account in the aggregate to not less than 15 per cent of net written premium for short-term insurers, or of annualised operating expenses for long-term insurers, or such percentage as prescribed by the Minister of Finance. These capital and reserves are linked to the amount received by insurers/reinsurers in respect of premiums during the last preceding financial year.

## Policyholder protection

There are no specific rules or regulations in existence with regard to policyholder protection that cater for such protection, as is the case in for example in South Africa where there are Policyholder Protection Rules.

However, there are certain provisions contained in the Regulations as well as the LTIA and STIA that may be construed as being aimed at policyholder protection.



## **Outsourcing of underwriting and other material functions**

Neither the LTIA, STIA nor any directives issued by the NAMFISA regulate an insurer entering into an outsourcing arrangement with a third party. However, every person that performs insurance business in Namibia is required to be registered with NAMFISA.

## **Regulation of the provision of intermediary services**

Intermediary services are regulated by sections 55 to 60 of the LTIA and in sections 53-58 of the STIA. All intermediaries have a duty to register with the registrar under the existing insurance legislation. Each registration must not be contrary to the public interest. The intermediary must not be an unrehabilitated insolvent, nor convicted of any offence involving dishonesty or an offence in terms of the LTIA or the STIA. They must further maintain a professional indemnity insurance policy with a limit of liability of no less than N\$500,000 or 50 per cent of the commission of the last financial year. The limit under the professional indemnity insurance class is not more than 10 per cent.

Intermediaries are required to register with NAMFISA in accordance with the NAMFISA Act to be licensed as a financial institution. Every intermediary must become a member of a controlling body registered with the registrar.

## **Are there any statutory and compulsory insurance products that have to be underwritten?**

There are no statutory and compulsory insurance products that are required to be underwritten by insurers in Namibia.



# South Africa

Contributed by Norton Rose Fulbright South Africa

## The regulator

South African regulatory authorities have adopted a twin peaks approach to financial industry regulation in terms of the Financial Sector Regulation Act, 2017 (FSRA).

The Prudential Authority and the Financial Sector Conduct Authority regulate non-life and life insurance under the Insurance Act, 2017 read with the surviving provisions of the Short-term Insurance Act, 1998 (STIA) and Long-term Insurance Act, 1998 (LTIA).

The Prudential Authority, which forms part of the South African Reserve Bank, applies the National Treasury's prudential and financial requirements for financial institutions. The Financial Sector Conduct Authority regulates market conduct aspects relating to insurance companies and intermediaries and enforces treating customers fairly principles (TCF).

## Subsidiary/branch

No person may conduct life or non-life insurance business unless that person is a public company registered as an insurer, and is authorised to carry on the kind of insurance business concerned.

No insurer may, without the Prudential Authority's prior approval, apply or use a business description which includes the unqualified word "insure", "assure" or "underwrite" or any derivative of those words, or perform any act which indicates that it carries on or is authorised to carry on insurance business, unless it is appropriately registered or entitled to carry on such business.

Lloyd's underwriters may be authorised to conduct non-life insurance business if they are represented by a local coverholder.

Foreign reinsurers can conduct business through a licensed local subsidiary reinsurer or as a licensed branch in South Africa.

## FDI restrictions

Although foreign based insurance companies cannot open a branch in South Africa, they can operate through wholly-owned subsidiaries licensed as insurers in South Africa.

Foreign ownership of South African registered insurers and intermediaries is not restricted and foreign investment is perceived as a benefit to the South African economy. However, Exchange Control approvals and restrictions exist, and the authorities have the power to reject any applicant they do not think is financially sound. Authorisation is required before foreign intermediaries can conduct financial services in South Africa.

## Change of control approvals

Change of control of an insurer requires the approval of the Prudential Authority. Change of control under the FSRA is broader than just the acquisition or disposal of shares or other interests or property. Notification will, for example, be required of any arrangement that increases or decreases the extent of a person's ability to control or influence materially the business or strategy of an insurance company.

## Minimum capital

The minimum capital requirement for life and non-life insurers is the higher of ZAR15 million and 25 per cent of the annualised operating expenses of the insurance company in the 12 months preceding the valuation date. The amount actually required depends on the business carried on.

The Solvency Assessment and Management (SAM) framework must be implemented by insurance companies. SAM requires insurers to maintain enough capital to capitalise the insurer's determined risk profile, as Solvency Capital Requirements.

## Risk based capital insurers

SAM requires risk-based capital to be maintained by insurers to absorb significant unforeseen losses.

This means that insurers must have assets in South Africa which in their aggregate value are not less than the aggregate value on the day of its liabilities plus the regulated capital adequacy requirements.

### **Policyholder protection**

Policyholder Protection Rules (Rules) have been issued under the STIA and LTIA to ensure that the interests of policyholders are protected. The Rules regulate the fair treatment of policyholders, product development and design, advertising and disclosure, intermediation and distribution, product performance, service levels, post-sale barriers and claims and complaints management.

The insurance ombuds established for both life and non-life insurance are divisions of the National Financial Ombud Scheme South Africa NPC. These ombuds adjudicate claims disputes between insurers and policyholders up to specified limits.

South African insurers are obliged to adopt appropriate policies and procedures to achieve fair treatment of policyholders.

### **Outsourcing of material functions**

The outsourcing of insurance functions is permitted. Binder holders, who bind policies, determine wordings, premiums and the value of policy benefits, and settle claims for insurers, are regulated under the STIA and LTIA.

All material functions outsourced are subject to an outsourcing Standard issued by the regulators. Outsourcing is only permitted in terms of a board approved outsource policy and formal agreements between the insurer and the party who carry out the outsourced function. The insurer is not permitted to outsource a function that materially increases its risks, materially impairs its governance framework, impairs the ability of the regulators to oversee the insurance company's regulatory obligations, or could prejudice its policyholders.

### **Regulation of the provision of intermediary services**

Financial advisory and intermediary services are regulated activities. All financial service providers (FSP) must be authorised to give advice or provide the intermediary services of entering into and maintaining policies, dealing with investments or premiums of the clients of certain financial products and insurance policies.

All FSP's must comply with applicable legislation and meet fit and proper requirements. FSPs are subject to a code of conduct with specific advice, services and enforcement measures.

### **Are there any statutory and compulsory insurance products that have to be underwritten?**

There are no statutory and compulsory insurance policies that must be underwritten by insurers in South Africa. Legislation may require compulsory contributions into a fund that acts in effect as insurance such as the workers compensation fund and the unemployment insurance fund.



# Tanzania

Contributed by Abenry Advocates

## The regulator

The regulatory authority for regulating and supervising the insurance sector in Tanzania is the Tanzania Insurance Regulatory Authority (TIRA) established under the Insurance Act Cap 394, which is mandated to promote and regulate a stable insurance market. All insurers, re-insurers and insurance agents that intend to carry out insurance business must be registered by TIRA prior to commencing insurance business.

## Subsidiary/branch

A foreign-owned entity is required to establish a locally incorporated subsidiary company to carry out insurance business in Tanzania. However, the Act gives discretion to the Minister to exempt, in part or in whole, any insurer from the application of the provisions of the Act where the whole of the insurance business carried on by the insurer is carried on outside Tanzania.

## FDI restrictions

Foreign persons are allowed to own up to two thirds of the controlling interest of an insurance-writing company. The interests may be shares, paid up capital or voting rights. The Act requires that at least one third of the controlling interest must be held by citizens of Tanzania and at least one third of the members of the board of the insurer must be citizens of Tanzania.

Foreign persons may hold a maximum of two-thirds of the controlling interests in an insurance broking company. In terms of the Act, at least one-third of the controlling interests must be held by Tanzanian citizens.

## Change of control approvals

### TIRA approval

Any transfer of ownership in an insurer involving ten per cent of the voting shares, or an amalgamation, merger or other similar arrangement is subject to the prior written approval of the Commissioner.

### Fair Competition Commission (FCC) approval

Where there will be a change of control of the target, a merger notification must be made to FCC if the transaction is above the merger notification threshold. The current threshold for merger notification to the FCC is TZS3.5 billion (approx. US\$1.5 million) based on the combined market value of the assets or turnover of both merging entities.

All the standard forms of insurance policies must be reviewed and registered by the FCC for the benefit of the consumer due to the nature of the policies being of standard form contracts.

## Minimum capital

### General/ Life Insurer

The minimum amount of paid up share capital to be maintained by a life or general insurer is set at TZS2.431 billion.

A life-insurer is an insurer carrying on long-term business. The Insurance Act defines "life insurance business" as the business of assuming the obligation of an insurer classified under section 36 as transacting long-term business. Long-term business means insurance business of any of the classes specified in Part A of the Second Schedule to the Insurance Act. These classes include life and annuity; marriage and birth; permanent health etc.

A general insurer is an insurer carrying on general insurance business. General insurance business means insurance business of any of the classes specified in Part B of the Second Schedule of the Insurance Act. These classes include accident; sickness; land vehicles; railway rolling stock; aircraft; ships; general liability; goods transit; fire and natural forces; damage of property business etc.

#### **Non-life and non-marine business only**

The minimum amount of capital to be maintained is TZS 1.216 billion.

#### **Reinsurer**

The minimum amount of paid up share capital to be maintained by a reinsurer is set at TZS9.805 billion.

For each year thereafter, the minimum capital increases by the minimum amount of paid up share capital of the previous year times the lesser of 1.1 or the ratio of the current year's Consumer Price Index (CPI) to the previous year's CPI.

An insurer is required to maintain a security deposit with the Bank of Tanzania of at least 50 per cent of the prescribed minimum capital. According to the Act, the deposit is to be considered as part of the capital assets of the insurer.

#### **Risk based capital insurers**

Tanzania has adopted a Risk Based Capital (RBC) supervision regime. In Tanzania, RBC is based on the Solvency I regime. At all times in carrying out insurance business, an insurer is required to maintain a margin of solvency of not less than the amount prescribed by the Minister.

The margin of solvency is calculated based on the Consumer Price Index (CPI) method.

#### **For general business**

The assets of an insurer transacting classes of general business must exceed the total liabilities of the insurer by the greater of twenty per cent of net premiums written or the minimum amount of TZS850 million (equivalent of about US\$380,656) for the year ending December 31, 2013.

#### **For long term business**

The assets of an insurer transacting long-term business must exceed the total liabilities of the insurer by the greater of eight per cent of total liabilities or the minimum of TZS1.7 billion (equivalent to about US\$761,311) for the year ending December 31, 2013.

#### **For reinsurer**

The assets of a reinsurer must exceed the liabilities of the reinsurer by the greater of the sum of 33 per cent of general insurance net premiums written and ten per cent of long-term business liabilities or the minimum amount of TZS5 billion (equivalent to US\$2,240,000) for the year ending December 31, 2010.

For each year thereafter, the minimum amount is determined as follows: the minimum amount for the prior year times the lesser of 1.1 or the ratio of the current year CPI to the prior year CPI.

#### **Policyholder protection**

An insurer carrying on long-term insurance business must establish and maintain a statutory life insurance fund in respect of the long-term insurance carried by the company and must also establish a separate life insurance fund in respect of each class in which the business operates.

The fund applies to long-term insurance only and the purpose of the fund is to protect policyholders.

Policyholders have preference over all other creditors of the insurance company in the event of liquidation, insolvency or bankruptcy of a registered insurer.

### **Outsourcing of underwriting and other material functions**

There is no express restriction on outsourcing but outsourcing must be made in compliance with the local content policy guidelines and must be approved by TIRA.

### **Regulation of the provision of intermediary services**

In order to act as an insurance broker, insurance agent, bancassurance agent or agent for an insurance broker in Tanzania the applicant must apply to the Commissioner of Insurance to be registered in accordance with the Act. In order to be eligible for registration under the Act as a broker the applicant must be incorporated as a company in Tanzania and at least one-third of the controlling interest must be held by Tanzanians.

### **Are there any statutory and compulsory insurance products that have to be underwritten?**

Third party motor insurance must be underwritten. All other insurance policies can be taken out on a voluntary basis.



# Uganda

Contributed by SM & Co. Advocates (Formerly Shonubi, Musoke and Co Advocates)

## The regulator

The insurance industry is regulated by the Insurance Regulatory Authority of Uganda (IRAU) which is established under the Insurance Act Cap 191 of 2017.

All insurers (both life and non-life insurers), insurance intermediaries (such as brokers, agents, risk advisors, loss assessors, bancassurance agents, third party administrators and reinsurance brokers) must hold a valid licence issued by IRAU which is renewable on an annual basis and remains valid until suspended, varied or revoked. Licences to insurance intermediaries are renewable every two years.

To obtain a licence, the insurer, re-insurer and broker must be a company incorporated under local laws, an insurance corporation established by law, a cooperative insurance society registered under local law or a mutual insurer. For a bancassurance agent to obtain a licence, it must be a financial institution duly licensed by the Central Bank to conduct financial institution business.

Other than brokers, incorporation of a local company is not a mandatory requirement for other insurance intermediaries.

## Subsidiary/branch

Conducting general (non-life) and life insurance business as a composite business is prohibited.

A foreigner who wishes to carry on insurance business in Uganda is required to incorporate a local company under the laws of Uganda and then to apply to IRAU for a licence to conduct insurance business before applying for a trading licence from the local authorities.

A foreign insurer may be exempted by the IRAU from the requirement of being incorporated locally for the purpose of providing insurance. A foreign reinsurer that enters into a re-insurance contract with a licensed insurer or a retrocession agreement with a licensed reinsurer is not required to incorporate a local company under the laws of Uganda.

## FDI restrictions

There is no prohibition on foreign direct investment in terms of acquisition of shares in an insurance company. However, acquisition of the insurance business by any insurance company or any part thereof requires prior approval of the IRAU.

## Change of control approvals

It is mandatory to obtain the written approval of the IRAU before changing control of an insurance entity by way of share transfer, or the removal or appointment of directors.

Directors and significant shareholders must be fit and proper.

Any alteration or modification in the memorandum or articles of association is subject to prior approval of IRAU.

## Minimum capital

The prescribed minimum paid up capital requirements is as below:

Life insurer	Ushs3 billion
General Insurer	Ushs4 billion
Health Marketing Organisations (HMOs)	Ushs500 million
Micro Insurance Organisation	Ushs100 million
Re insurer	Ushs10 billion
Brokers	Ushs75 million

## Risk based capital insurers

Life insurers are required to ensure that their liabilities do not exceed the amount of their life insurance fund.

For non-life insurers or reinsurers, the admitted assets must exceed the sum prescribed by IRAU or a minimum of 15 per cent of the premium income net of the reinsurance cessions.



Micro insurance organisations must maintain a solvency margin of the highest of either 15 per cent of the net written premium or Ushs50 million.

All insurers are required to establish and maintain an insurance fund with reserves for unearned premium, outstanding claims and reserves to cover fluctuations in securities and variations in statistical estimates.

### **Policyholder protection**

All insurers are required to maintain insurance funds which represent the liabilities of all the policies of the particular businesses written, for security of policyholders.

There exists a policyholders' compensation fund that is used to compensate the policyholders of an insolvent insurer. The fund is managed by a board of trustees appointed by the Minister responsible for Finance.

The policyholders' compensation fund is funded by premium levied upon the insurers, loans obtained by the government, grants, gifts and donations or any other source approved by the Minister in charge of Finance.

### **Outsourcing of underwriting and other material functions**

The law is flexible and does not restrict outsourcing insurance functions such as underwriting, claims handling and other functions. However with regard to the risk management function, internal auditing function and actuarial function, prior approval of the auditor by IRAU is a mandatory requirement.

### **Regulation of the provision of intermediary services**

Providers of intermediary insurance services are subject to the approval and due licensing by IRAU. The following are recognised as insurance intermediaries: insurance agents; insurance brokers; risk advisors; loss assessors; third party administrators; and reinsurance brokers.

The law restricts intermediary service providers who may deal only with licensed insurance companies.

Intermediary services may be conducted by body corporates or individuals. However, as regards brokerage services (which is also an intermediary service), no person other than a company incorporated in Uganda is permitted to carry on a business of an insurance broker.

An insurance agent is prohibited from acting for two or more insurers transacting the same class of business without the written approval of IRAU.

A licensed insurer that wishes to employ the services of a foreign insurance intermediary is required by law to apply for an exemption for the foreign insurance intermediary to conduct insurance business in Uganda without the need for a licence.

### **Are there any statutory and compulsory insurance products that have to be underwritten?**

No insurance products have been prescribed for compulsory underwriting. There are insurance products created by statute such as worker's compensation products and motor vehicle (third party risk) insurance.





# Zambia

Contributed by Corpus Legal Practitioners

## The regulator

The Pensions and Insurance Authority (PIA) is the principal regulator of the pensions and insurance industry in Zambia.

General and life insurers and reinsurers carrying on business in Zambia are required to be licensed by the PIA as general or long-term insurers. Entities are prohibited from carrying on both life and non-life insurance business. The Insurance Act No. 38 of 2021 (Insurance Act 2021), though not operational as at April 2025, provides for a third category of insurance in Zambia known as Microinsurance which will equally require licensing by the PIA.

## Subsidiary/branch

A foreign life or general insurer may establish a locally incorporated subsidiary to carry on insurance business in Zambia. A branch of a foreign life or general insurer in Zambia is not eligible to be licensed by the PIA.

## FDI restrictions

There are no FDI restrictions on insurance entities. However, an insurance company is not eligible to be registered as a pension fund administrator or manager unless more than 50 per cent of its shares are held by Zambian citizens or by a partnership whose partners are Zambian citizens or by a body corporate whose shares are wholly owned by Zambian citizens.

The newly enacted Insurance Act 2021 provides for shareholding thresholds wherein, insurers or reinsurers must have not less than 30 per cent of its subscribed share capital owned by citizens or a citizen owned company. Whilst a broker must have not less than 50 per cent of its prescribed share capital held by Zambian citizens or a citizen owned company.

All assets and liabilities located in Zambia must be insured by a local insurer. However, the Registrar of the PIA may in writing and on terms and conditions prescribed authorise placing outside Zambia an insurance policy which is not available within Zambia. The restriction does not apply to reinsurance companies.

## Change of control approvals

An insurer proposing to amalgamate with or transfer its insurance business to another insurer is required to obtain the prior approval of the PIA.

Any person deemed to be a person with significant influence must satisfy the fit and proper requirements of the PIA prior to appointment. Persons of significant influence include significant owners (holders of more than 15 per cent of the share capital or voting rights of the entity), directors, senior managers, the head of internal audit, actuaries, external auditors and any other person the Registrar may reasonably consider as a person with significant influence.

## Minimum capital

Reinsurers	ZMW 20 million
Long-term insurers (Life)	ZMW 12 million
General insurers	ZMW 10 million
Brokers	ZMW 100,000

## Risk based capital insurers

An insurance company cannot carry on insurance business unless its available capital exceeds the minimum capital adequacy requirements as the Minister, by statutory instrument, prescribes. The Minister has not yet prescribed the risk-based capital for insurance companies in respect of risks inherent to assets, liabilities, classes and volume of insurance business as at April 2025. An insurance company is required to maintain paid up capital represented by cash, assets (except those excluded under the Insurance Act 2021), retained earnings on the audited balance sheet of an insurer less excluded assets or by way of equity for liabilities exchange.

## Policyholder protection

The Insurance Act 2021 provides for the establishment of the Insurance Fidelity Fund whose purpose is to indemnify or otherwise protect policyholders and other persons interested in the policies prejudiced by the inability of an insurer to meet its liabilities. This Insurance Fidelity Fund is operationalized and administered by the Policy Holder Protection Committee which is in charge of administration and settlement of the claims against the fund. Additionally, separate statutory funds for each class of general insurance business, microinsurance and life assurance are required to be established.

Further, the Insurance Act 2021 provides for an exception to the normal rules on preference prescribed by the Insolvency Act No. 9 of 2017 by requiring that, for purposes of a winding-up of an insurer, policyholders retain preference over taxes and rates due, wages and salaries of employees excluding senior officers for a period of three months, charges and assessment due PIA and all other unsecured creditors.

## Outsourcing of underwriting and other material functions

Outsourcing is permitted in exceptional circumstances. An insurer is expected to have capacity to carry out its core functions in-house. Functions such as underwriting can only be outsourced where there are novel products for which or circumstances in which the insurer has no requisite expertise. In such cases however, the outsourcing must be with a view to building capacity within the organisation. No formal approval is required to be obtained from the PIA when outsourcing core functions but the PIA reviews the governance and other management structures when considering a licensing application or renewing an existing one to ensure that the entity has the requisite competence and experience to undertake insurance activities.

## Regulation of the provision of intermediary services

Intermediaries in the insurance market, including brokers, reinsurance brokers, claims agents, assessors and loss adjusters are all required to be licensed by the PIA.

## Are there any statutory and compulsory insurance products that have to be underwritten?

Third party insurance policies are required to be taken out in respect of all motor vehicles in Zambia. All other insurance policies are taken out on a voluntary basis.



# Zimbabwe

Contributed by Gill, Godlonton and Gerans

## The regulator

The Insurance and Pensions Commission (IPEC) is the regulator of Insurance business in Zimbabwe. Its functions in relation to insurance business include registration of insurers, mutual insurance societies and insurance brokers and to regulate and monitor their business.

## Subsidiary/branch

Foreign insurers can only carry on insurance business in Zimbabwe through a subsidiary incorporated in terms of the Companies Act [Chapter 24:03].

## FDI restrictions

A foreign resident can only acquire shares in a Zimbabwean company upon approval by the Zimbabwe Investment Authority or by an Exchange Control Authority.

## Change of control approvals

There are no changes of control approval requirements that are specific to insurers.

## Minimum capital

The prescribed minimum capital amounts for insurers are:

- The equivalent of ZW\$75 million in the case of an insurer which carries on life assurance business including funeral assurance.
- The equivalent of ZW\$37 500 000.00 in the case of an insurer which carries on non-life insurance business.
- The equivalent of ZW\$112 million in the case of an insurer which carries on insurance business referred to in both paragraphs (a) and (b).
- The equivalent of ZW\$75 million in the case of an insurer which carries on reinsurance or reinsurance business.
- The equivalent of ZW\$62.5 million in the case of an insurer which carries on life assurance solely for the purpose of issuing funeral policies.
- The equivalent of ZW\$4.5 million in the case of an insurer which carries on microinsurance only.

## Risk based capital insurers

There are no risk based capital requirements.

## Policyholder protection

Insurers are required to maintain certain prescribed margins of solvency for the purposes of their business.

Insurers are treated as having a margin of solvency sufficient for the purposes of carrying on:

- Insurance business other than life insurance business if the total value of its assets in respect of such business exceeds the amount of its liabilities in respect of such business by:
  - ZW\$1 million.
  - 25 per cent of the net premium income in its last preceding year in respect of such business.

Whichever is the greater amount will be considered:

- Life insurance business if the total value of its assets in respect of such business exceeds the amount of its liabilities under immature life policies by:
  - ZW\$1 million.
  - Such amount as the Commissioner may determine after consultation with the insurer's actuaries and which, in their opinion, provides adequate protection to policy owners.

There are no statutory provisions requiring insurers to contribute against insurer insolvency. The minimum capital requirement provisions and the solvency margin requirements are designed to protect policyholders against insurer insolvency. Further, insurers who carry out more than one class of insurance business are required to maintain an Insurance Fund in respect of each of the classes of the insurance business concerned, which fund should be held in security for claims of policy owners. Those funds should not be applied for any purpose except for the class of insurance business in respect of which they are established.

## **Outsourcing of underwriting and other material functions**

Outsourcing of material functions is prohibited if its effect is that Zimbabwean insurance business is placed outside Zimbabwe. The Commissioner may however waive the prohibition in certain circumstances if the Commissioner is satisfied that there is no registered insurer who is able to provide adequate insurance cover in respect of the risk or class of risk concerned.

## **Regulation of the provision of intermediary services**

There are licensing requirements for insurance agents, intermediaries, loss adjusters and surveyors or risk management consultants before they can undertake any insurance business.

## **Are there any statutory and compulsory insurance products that have to be underwritten?**

Compulsory insurance products include third party motor vehicle insurance which is mandatory in respect of all motor vehicles. Professional regulatory bodies may also prescribe mandatory insurance products in respect of entities falling under their regulations.



# Contacts

**Patrick Bracher**  
Norton Rose Fulbright  
Director, South Africa  
Tel +27 11 685 8801  
patrick.bracher@nortonrosefulbright.com

**Michael McCarthy**  
Norton Rose Fulbright  
Associate, South Africa  
Tel +27 60 504 1129  
michael.mccarthy@nortonrosefulbright.com

---

## Africa Alliance firms

**Martha Muturi**  
Walker Kontos  
Partner, Kenya  
Tel +254 20 2713023  
mgitonga@walkerkontos.com

**Linda Aine**  
SM & Co. Advocates (formerly  
Shonubi, Musoke and Co Advocates)  
Associate, Uganda  
Tel +256 414 233204  
laine@smco.ug

**Herbert Mutasa**  
Gill, Godlonton and Gerrans  
Partner, Zimbabwe  
Tel +263 4 707 023-7  
hmutasa@ggg.co.zw

---

## Other contributing firms

**Paulette Lopes**  
FBL Advogados  
Lawyer, Angola  
Tel +244 222 334 978  
paulette.lopes@fbladogados.com

**Nuno Sapateiro**  
JLA Advogados  
Partner, Mozambique  
Tel +351 21 723 18 00  
nuno.sapateiro@jlaadvogados.com

**Shakila Khan**  
Khan Corporate Law  
Managing Partner, Botswana  
Tel +267 3911694  
shakilakhan@kcl.co.bw

**Christiaan Cronjé**  
Cronjé Inc  
Senior partner, Namibia  
Tel +264 81 146 9407  
christiaan@cronje.com

**Sophia Sena Berdie**  
Bentsi-Enchill, Letsa and Ankomah  
Associate, Ghana  
Tel +233 302 208888  
ssberdie@belonline.org

**Sankanaji Mubanga**  
Corpus Legal Practitioners  
Senior Associate, Zambia  
Tel +260 977 215494  
ssakuwaha@corpus.co.zm

**Zara Jamal**  
JLA Advogados  
Partner, Mozambique  
Tel +258 21 317 159  
zara.jamal@jlaadvogados.com

**Lucy Sondo**  
Abenry Advocates  
Senior Partner, Tanzania  
Tel +255 22 2926568  
lucy.sondo@abenry.co.tz

**Zahrah Juman**  
Appleby  
Associate, Mauritius  
Tel +230 405 4345  
zjuman@applebyglobal.com



Norton Rose Fulbright provides a full scope of legal services to the world's preeminent corporations and financial institutions. The global law firm has more than 3,000 lawyers advising clients across more than 50 locations worldwide, including Houston, New York, London, Toronto, Mexico City, Hong Kong, Sydney and Johannesburg, covering the United States, Europe, Canada, Latin America, Asia, Australia, Africa and the Middle East.

[nortonrosefulbright.com](https://www.nortonrosefulbright.com)

The purpose of this communication is to provide information as to developments in the law. It does not contain a full analysis of the law nor does it constitute an opinion of any Norton Rose Fulbright entity on the points of law discussed. You must take specific legal advice on any particular matter which concerns you. If you require any advice or further information, please speak to your usual contact at Norton Rose Fulbright.

Norton Rose Fulbright © 2025. All Rights Reserved  
67101\_SA - 09/25