

Form 1
Application for Licence to Operate as an Insurer
(Regulation 10(1))

1. General Information

Business Name

1.1. State the full name of the company, incorporated in Botswana, that is applying for a licence to operate as an insurer:

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.....
.....

Previous Name(s):

.....

1.2. Date of registration under the Companies Act:

.....

1.3. Furnish the company registration number:

.....

1.4. State the proposed name of the applicant insurer, if the name is different from the name in 1.1 above:

.....
.....

Head Office

1.5. Provide details of the head office location:

Building.....

Road.....

Town.....

Country.....

Postal Address.....

.....

.....

Telephone.....

Fax.....

Email.....

Principal Place of Business

1.6. If different from head office, provide details of the insurer’s principal place of business:

Building.....
Road.....
Town.....
Country.....
Postal Address.....
.....
.....
Telephone.....
Fax.....
Email.....

Reliance on Other Parties

1.7. Provide the name of the persons who assisted in compiling this application (if applicable).

- 1.7.1 Consultant:
- 1.7.2 Auditor:
- 1.7.3 Actuary:
- 1.7.4 Insurance Manager:

[Please provide the contact details of these persons in Appendix A]

Contact Details

1.8. State the full forename(s) and surname of the person that is authorised to apply for licensing:

.....
.....

1.9. Provide details of the contact person(s) for further enquiries regarding this application:

Name.....
Qualification/ role.....
Postal Address
.....
.....
Telephone.....
Fax.....
Email.....

2. Governance

Company Structure, Legal Form and Head Office

2.1. What type of insurer will the company be?

<input type="checkbox"/>	Long-term Insurer
<input type="checkbox"/>	General Insurer
<input type="checkbox"/>	Reinsurer

2.2. State the legal form of the applicant insurer:

.....

Controllers/Key Persons

2.3. Have the directors, executive officers and principal officer been appointed?

Yes No

[If YES, complete Appendix B and Appendix C for each director, executive officers and principal officer and attach to this application]

2.4. Submit audited and complete personal balance sheets/financial statements for all directors, executive officers, principal officer as well as any other controller for the past 3 years. Where the controller is an individual, submit audited net worth statements reflecting the position on a date not later than three months prior to the date of this application.

2.5. Have the following officers been appointed:

Auditor	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
Valuator/Approved Person	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
Insurance Manager	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
Other (please specify)	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No

[If YES, complete Appendix E for each service provider and attach to this application]

2.6. State the names(s) of the auditor(s) and the responsible partner(s) at the auditing firm appointed by the applicant insurer.

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.....
.....

2.7. State the names(s) of the Valuator (long-term) or Approved Person (general) appointed by the applicant insurer:

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.....
.....
.....

[Submit the Application for Approved Person or Valuator (Form 17) with this application]

Foreign Regulation

This section on Foreign Regulation applies only to foreign owned insurers wishing to establish a subsidiary in Botswana.

2.8. State the name of the company's home supervisory authority:

.....
.....
.....

2.9. Indicate if any previous application by the applicant insurance company has been:

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

Refused

Revoked

Any requirements imposed as a condition to continue to carry on insurance business by any other supervisory or regulatory authority.

If so, please give particulars:

.....
.....
.....
.....
.....

2.9.1 Please submit a Statement of Agreement regarding the above from your domestic Supervisor.

2.10. Submit a reference letter from your domestic Supervisor.

2.11. Submit audited annual financial statements for the last 5 years.

3. Ownership and Control

Group Structure

3.1. State in regard to the ultimate parent/controller:

a. The date and place of incorporation:

.....
.....

b. Listing(s) on stock exchange(s):

.....
.....

c. Authorisation/registration/licences granted by other authorities:

.....
.....
.....

3.2. Submit a structural chart of the group of companies to which the applicant insurer belongs. Include the respective percentages of shareholdings.

Control

3.3. Indicate who, directly or indirectly, will control the applicant insurer (including the ultimate beneficial owner)

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.....
.....

[Submit audited financial statements and complete personal balance sheets of the owner for the past 3 years]

3.4. Indicate the source of funds used by the owner to purchase shares

<input type="checkbox"/>	Borrowing
<input type="checkbox"/>	Capital
<input type="checkbox"/>	Other

If other, please specify:

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.....
.....

3.5. Complete Appendix D for each shareholder with more than 20% of paid up shares and attach to this application.

4. Financial Soundness and Capital Requirements

4.1. Provide a business plan as required in Appendix G

4.2. Provide relevant details on sources of capital as required in Appendix H

5. Size and Type of Business

5.1. Which type of insurance does the company intend to sell?

a. General Insurance (Schedule 1 of the Act):

<input type="checkbox"/>	Accident Business
<input type="checkbox"/>	Engineering Business
<input type="checkbox"/>	Health Business
<input type="checkbox"/>	Property Business
<input type="checkbox"/>	Guarantee Business
<input type="checkbox"/>	Liability Business
<input type="checkbox"/>	Miscellaneous Business
<input type="checkbox"/>	Motor Business
<input type="checkbox"/>	Transportation Business

b. Long Term (Schedule 2 of the Act):

<input type="checkbox"/>	Disability Business
<input type="checkbox"/>	Health Business
<input type="checkbox"/>	Fund Business
<input type="checkbox"/>	Life Business
<input type="checkbox"/>	Sinking Fund Business

6. Administration Systems and Processes

6.1. Attach a brief overview of the administrative system to be used to secure the proper functioning of the applicant insurer.

6.2. Will the applicant insurer outsource administration?

Yes

No

[Where administration is being outsourced applicants must complete Appendix E and Appendix F. Applicants must also submit a copy of the outsourcing agreement]

a. If, YES, is administration outsourced to an:

Independent service provider on *commercial terms*

Affiliate on the basis of *commercial terms*

Affiliate on the basis of *internal agreement*

b. If, NO, Please indicate the party who developed your administration system

Developed in-house

Developed by third party customised to own specifications

Purchased an off- the-shelf system from a third party (other than a software vendor)

Purchased an off-the-shelf system from a software vendor specialising in software for the administration of insurers

Other, please specify

.....

6.3. Attach disaster recovery plan

6.4. Attach business continuity plan

6.5. Are your auditors satisfied as to your systems and controls?

Yes

No

[Attach declaration from the auditors on systems and controls]

If, NO, please detail the issues identified by the auditors:

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.....
.....
.....

6.6. Please indicate the actions taken by management to address these issues:

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.....
.....

7. Other

7.1. Is there any other information or documents relevant to this application? If yes, then kindly specify the information or documents.

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.....

8. Certification

I hereby enclose –

	Form	Completed (yes) or (no)	Number of forms completed
a.	Appendix A: Reliance on other parties		
b.	Appendix B: Particulars of controllers/key persons		
c.	Appendix C: Questionnaire for controllers/key persons		
d.	Appendix D: Particulars of the shareholders		
e.	Appendix E: Particulars of service providers		
f.	Appendix F: Risk management strategy		
g.	Appendix G: Business plan		
h.	Appendix H: Sources of Capital		
i.	Appendix I: AML/CFT Policy		
j.	Appendix J: General Insurer Financial Projections		
k.	Appendix K: Long term Insurer Financial Projections		
l.	Copy of the Certificate of Incorporation under the Companies Act		
m.	Audited personal balance sheets/statements for all directors, executive officers and principal officer		
n.	Structural chart of the company group		
o.	Letter of good standing from Domestic Supervisor		
p.	Audited annual financial statements for established foreign insures establishing subsidiaries		
q.	Product sign-off documents and policy documents		
r.	Overview of administration system, controls and reporting capabilities of the administrator		
s.	Disaster recovery plan		
t.	Business continuity plan		
u.	Declaration from the Auditors that the systems and controls have been investigated and have been found to be appropriate for an administrator (or a qualified declaration that identifies the issues that the administrator must address).		

I hereby declare that the Insurance Industry Act (Cap 46:01) and Non-Bank Financial Institutions Regulatory Authority Act (Cap 46:08) have been complied with and the statements contained herein and the documents submitted herewith are true and accurate to the best of my knowledge and belief. Any alterations in particulars stated herein or in the said documents will be promptly communicated to the Authority within a period not later 30 days from the date of the alteration.

Signed on this day of20.....

Signature of Applicant

Full Name:

Designation:

Signature of Proposed Principal Officer

Full Name:

I hereby submit proof of payment in respect of application for the licensing of an insurer.

Amount paid :

Cheque No.:

Date Paid:

Paid By: (Full Names)

Signature:

Designation :

OFFICIAL DATE STAMP

APPENDIX A: Reliance on Other Parties

A.1 Provide the contact details of parties assisting with the application.
[to be completed by every party assisting with the application]

Name:

.....

Role:

.....

Qualification:

.....

Postal Address:

.....

.....

Telephone:.....

Fax:

Email:

APPENDIX B: Particulars of Controllers/Key Persons

Name of Insurer:

Full Name	Nationality	Role	Occupation	Date of Appointment	Permanent Address	% Shareholding (where applicable)

*Note: “manager” means as defined in the Insurance Industry Act
 “senior executive officer” includes but not limited to, Chief Executive Officer, Chief Operating Officer and Chief Information Officer*

Appendix C: Questionnaire for Controllers/Key Persons

C1. Contact details

Name:

Primary residential address:

Postal address:

Email address:

Telephone number:

Mobile number:

Occupation:

C2. In what capacity are you being appointed?

	Director	
	Non-executive Director	
	Senior Executive Officer	Title:
	Manager	Title:
	Principal Officer	
	Other (Specify):	

C3. Qualifications and membership of professional bodies:

Qualification or membership of a professional body	Institution granting the qualification or professional body	Date granted

[Please note that evidence of valid professional membership and academic qualifications must be enclosed with this questionnaire and attached to this application]

C4. Prior experience in this or a similar role:

Period	Name of company	Nature of experience gained that you believe is relevant to your appointment as a controller

[Please note that a detailed curriculum vitae should be enclosed with the questionnaire and attached to this application]

C5. Has any previous appointment as a director, senior executive officer, manager or principal officer in the financial sector been terminated for a reason other than resignation or retrenchment?

Yes

No

If YES, please provide the following details about the employer:

Name:

Address:

.....

Email address:

Telephone number:

Position from which you were discharged:

.....

Date of action:

Reason for termination:.....

.....

C6. Have you ever been convicted of fraud or dishonesty where the sentence has required a period of imprisonment or payment of a fine as an alternative to such imprisonment?

Yes No

If YES, please give details:

.....
.....
.....

C7. Have you ever been declared bankrupt?

Yes No

If YES, please give details:

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.....
.....

C8. Have you ever previously been a director, senior executive officer, manager or principal officer in the financial sector, where the institution has had to be deregistered/liquidated as a result of any failure on the part of the management, or where the regulator/supervisor has appointed a curator/statutory manager?

Yes No

If so, please give details:

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.....
.....

C9. Are you disqualified from holding office as director, senior executive officer, manager or principal officer by any law?

Yes No

If YES, please give details:

.....
.....
.....

C10. Do you own shares in the insurer or have any actual or perceived business relationship with the insurer, other than your appointment as its director, senior executive officer, manager or principal officer?

Yes

No

If YES, please give details:

.....
.....
.....

I certify that the above information is, to the best of my knowledge, correct and complete and that I am not physically or mentally incapable of performing the duties expected of me.

Signed:

.....

Name in block letters

APPENDIX E: Particulars of Service Providers

Name of Insurer:

	Name of entity	Income Tax T.I.N Number	Contact details	Professional body to which Partner/ Company are members	Date of appointment
Auditor			Address:		
			Tel:		
			Email:		
Valuator/ Approved Person			Address:		
			Tel:		
			Email:		
Insurance Manager			Address:		
			Tel:		
			Email:		
Other			Address:		
			Tel:		
			Email:		

APPENDIX F: Risk Management Strategy

Provide a Risk Management Strategy including at least the following information:

- F.1 An outline of the major risks faced by the insurer, the likelihood and the potential consequences of these risks.
- F.2 A description of the use of internal reporting and audit mechanisms to manage the risks of the insurer.
- F.3 An indication of how each of the following will be implemented in the insurer and include a description of how they will be used to control the risks of the insurer.
 - a. Organisational charts
 - b. Risk management policies
 - c. Procedure manuals
 - d. Audit reports
- F.4 A description of the underwriting policy of the applicant insurer.
- F.5 A description of the basis and methodology to be used in determining the premium rates for each kind of policy to be issued.
- F.6 An outline of the insurer's approach to asset and liability management. Include details of the following:
 - a. Investment objectives and how these will be met
 - b. How liquidity needs will be met
 - c. Benchmarks and performance measurement, including the frequency of measurement
- F.7 A list of the insurer's main types of credit risks. Explain how each of these risks will be dealt with.
- F.8 Define the operational risks that the insurer will face.
- F.9 Explain how will the insurer manage and monitor its operational risk.
- F.10 A brief summary of the reinsurance arrangements in respect of each kind of insurance policy to be issued. Include the following details of reinsurance:
 - a. The insurer's maximum retention per risk or event after all reinsurance ceded
 - b. The limit of reinsurance
 - c. The name(s) of the principal reinsurer(s)
 - d. The respective percentages underwritten by each re-insurer under each treaty
 - e. Attach a letter(s) by the reinsurer(s) confirming the reinsurance program(s) or intentions to reinsure

APPENDIX G: Business Plan

- G.1 The Business plan should outline the objectives of the proposed operations. Also, provide reasons why the applicant insurer is of the opinion that the licence application, if approved, will be in the public interest.
- G.2 The Plan should be able to demonstrate that the insurer will maintain reasonable capital to back their operation.
- G.3 The business plan should contain the following sections:
- a. Financial projections
 - b. Minimum solvency ratio calculation projections
 - c. Product type and classes of business
 - d. Reinsurance program
 - e. Investment policy
 - f. Dividend policy
 - g. Distribution
 - h. Marketing plan
 - i. Fees/Commissions
 - j. Banking arrangements
- G.4 **Financial Projections:** The Business Plan should show the initial set up costs and then for each of the next 5 years: (Please complete Appendix J or K whichever is applicable)
- a. Initial capital (at least 6 months' gross fee income)
 - b. Assumptions used
 - c. Projected business acquired (or business already acquired) in terms of numbers of policies sold
 - d. Projected premium income, benefits paid and expenses
 - e. Projected revenue accounts and profit and loss accounts
 - f. Projected assets, technical provisions, surplus assets and required solvency ratio
 - g. Projected balance sheet.
- G.5 The Business Plan should contain a forecast of financial results for the first five years of the insurance company's operations. Projections should take the form of income statement

projections and balance sheet projects. A description of the main assumptions used is required and must address:

- a. Assumptions around all liabilities
- b. Technical provisioning
- c. Valuation of investments
- d. Number of policies per year
- e. Average premium of policies per year
- f. Average claims costs for claims paid
- g. Commission rates paid
- h. Average return on investment
- i. Total expenses
- j. Reinsurance

Give a description of the applicant insurer's claims reserving policy, including arrangements for setting up reserves, frequency of reviews, and measures and methodologies used to ensure their adequacy.

Include scenario and sensitivity tests that indicate the position under adverse conditions.

Give a description of the applicant insurer's dividend policy.

- G.6 **Prescribed Capital Target calculation projections:** A realistic calculation of the applicant insurer's prescribed capital target for each of the first five years.
- G.7 **Investment Policy:** Submit the investment policy.
- G.8 **Product type and classes of business:** Give a detailed description of each of the kinds of policies/products for each of the classes of insurance business to be underwritten.
- G.9 **Product sign-off (if applicable):** Submit the product sign-off by the actuary and the supporting documentation used by the actuary in assessing the product and underwriting processes.
- G.10 **Reinsurance Program:** A discussion of the proposed insurance company's reinsurance program addressing such issues as:
- a. The net retention levels proposed
 - b. Details about the reinsurance company partner
 - c. Type of reinsurance program proposed (e.g. excess loss, pro-rata)
- G.11 **Distribution (if applicable):** Proposed method of distribution for each of the kinds of policies/products for each of the classes of insurance business to be underwritten.
- G.12 **Marketing plan (if applicable):** Submit any market feasibility study. Describe the market(s) segment in which the policies/products will be marketed paying attention to income levels, gender, age, occupation etc. Describe the sources of business and marketing

strategy (e.g. direct from public, through insurance intermediaries or in-house from group of companies) and indicate the approximate percentage from each source.

- G.13 **Fees/Commission (if applicable):** Provide information with respect to fees/commissions that the insurance company is planning to pay to insurance intermediaries. The applicant insurer should also discuss the issue of consumer protection and explain how it would ensure intermediaries deal fairly with clients.

APPENDIX H: Sources of Capital

I.1 Provide the following information relating to share capital:

Source of Capital¹	Local/ foreign	Number of shares (if applicable)	Nominal value <i>BWP (Million)</i>	Share premium <i>BWP (Million)</i>	Amount obtained through issue <i>BWP (Million)</i>
Total					

¹ Include whether share capital is paid up