



Ref: Information Letter NBFIRA 9/6/10 – 11/ 06/2019

INSURANCE INDUSTRY ACT, 2015

Addressee:	Insurers and Insurance Intermediaries	File:	General Insurance Correspondence – 2/9/10
Issue date	Effective Date	Information Letter	Status
11/ 06/2019	17/05/2019	NBFIRA 9/6/10 V (13)	ISSUED
Subject:	Implementation dates and transitional Arrangements for Insurance Industry Act, 2015		

1. PURPOSE

1.1 The purpose of this Information Letter is to inform insurers and insurance intermediaries of the implementation dates of the newly promulgated Insurance Industry Act, 2015 (the Act)

2. IMPLEMENTATION DATES OF THE ACT

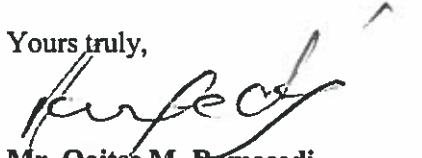
2.1 Licensed insurers and insurance intermediaries are hereby informed that the Act has commenced effective May 17, 2019.

3. AVAILABILITY AND INFORMATION SHARING

3.1 This Information Letter is available on the NBFIRA website (www.nbfira.org.bw). Licensed insurance entities must bring this Information Letter to the attention of their respective representatives.

3.2 For further clarification on this matter, please kindly contact Veronica Namate at vnamate@nbfira.org.bw or Ogoni Tshoswane at otshoswane@nbfira.org.bw

Yours truly,



Mr. Oaitse M. Ramasedi
CHIEF EXECUTIVE OFFICER

Transitional Arrangements

Insurance Industry Act, 2015

1. This information letter sets out the transitional arrangements for the Insurance Industry Act, 2015 and its Regulations.

Summary of Transitional Arrangements

2. The following table provides a summary of the transitional arrangements for the Insurance Industry Act, 2015 and its Regulations.

ITEM	BEFORE	AFTER	TRANSITIONAL PERIOD
Minimum Capital target (long term insurers) Reg. 3	P2 million	Higher of; P10 million or 25% of operating expenses	12 months
Minimum Capital target (reinsurers) Reg. 3	P2 million	Higher of; P10 million or 25% of operating expenses	12 months
Minimum capital target (general insurers) Reg. 4	P2 million	Higher of; P5 million or 25% of operating expenses	12 months
Minimum capital requirements for insurance brokers Reg. 5	P30,000	Higher of; P100,000 or 4% of annual income or 25% of expenses reported in the annual return	12 months
Minimum capital requirements for insurance agents Reg. 5	Nil	Higher of; P30,000 or 4% of annual income or 25% of expenses reported in the annual return	18 months
Investment in derivatives Reg. 9		Investment in derivatives allowed under very limited conditions	12 months
Submission of audited annual returns by insurance agents Reg. 18		Accounts for insurance agents should be audited annually	12 months
Submission of quarterly returns by insurance brokers Reg. 19			TBA
Submission of quarterly returns by insurance agents Reg. 19			TBA

Preservation of records Reg. 22	6 years	7 years	Immediate
Professional indemnity for insurance brokers Reg. 24	P500,000	P1,000,000	12 months
Professional indemnity for insurance agents. Reg. 24	Nil	P500,000	12 months
Security guarantee (Insurance brokers) Reg. 25	P25,000	Greater of P100,000 or 30% of total premiums actually received, held or in any other manner dealt with. Note that the security can be in the form of a general policy issued by a general insurer or contract given by a bank under which benefits are to be provided in the event of failure of the broker to meet its obligations	12 months
Remittance of premiums. Reg. 27	Up to 90 days	Up to 45 days	3 months
Admissibility of Assets for General insurers. Reg. 7 (Schedule 1)			24 months to have met all the requirements (special dispensation for deviation from prescribed limits to be sought from Regulator)
Admissibility of Assets for Long Term Insurers. Reg. 8 (Schedule 2)			24 months to have met all the requirements (special dispensation for deviation from prescribed limits to be sought from Regulator)
Assets in Botswana Sec. 30	Nil	70% to be held locally (or higher as prescribed by Regulator)	24 months (any deviation must be approved by the Regulator)
Prohibition of inducements Sec. 69			Immediate

Commission payment Sec. 70(2)	No commission disclosure	Consideration can only be commission or service fees approved or prescribed by the regulatory authority	Immediate
Commission disclosure Sec. 71(1)		Requires for disclosure to prospective policyholders commission or other remuneration	Immediate
Insurance broker's and insurance agent's records and rights of access Sec. 81(1)		Provides for keeping of records of insurance transactions outside Botswana by insurance and brokers	Immediate
Agent representing up to two (2) principals Sec. 87(2)	Represent one Principal	Insurance agent can represent up to one (1) general insurer and one long term insurer	Immediate
Agents representing brokers Sec. 87(3)		An insurance agent shall not render services for an insurance broker	12 months