

INSURANCE LICENCES IN MAURITIUS

Global Business

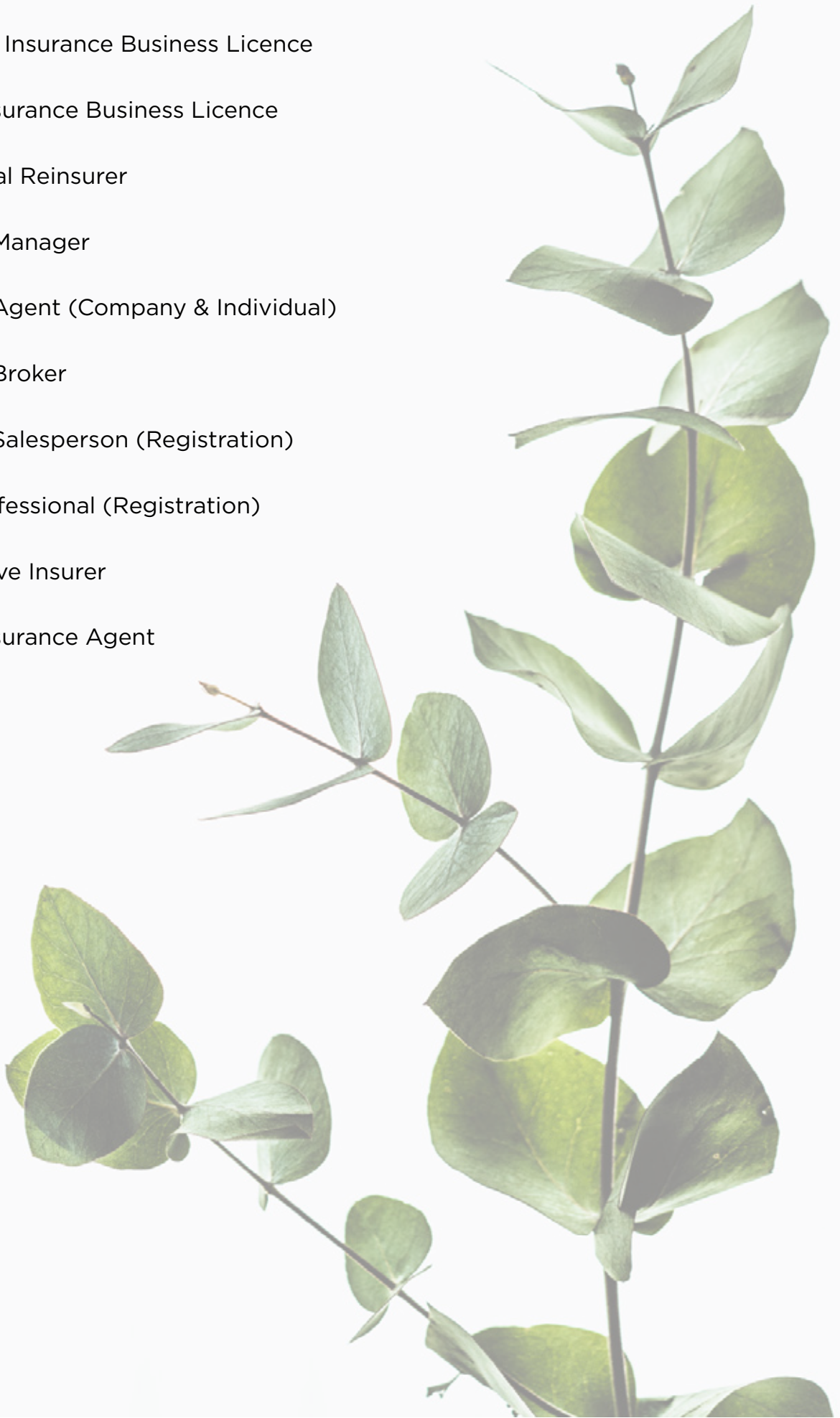
The Mauritian International Financial Centre (« IFC »)
regulates the Insurance Business Sector through the Financial
Services Commission (« FSC »).

In this brochure we provide an overview of the main types of
insurance licences.



LIST OF INSURANCE LICENCES ISSUED BY THE FSC

- Long-Term Insurance Business Licence
- General Insurance Business Licence
- Professional Reinsurer
- Insurance Manager
- Insurance Agent (Company & Individual)
- Insurance Broker
- Insurance Salesperson (Registration)
- Claims Professional (Registration)
- Pure Captive Insurer
- Captive Insurance Agent





INSURANCE LICENCE: Short-Term & Long-Term

Insurance Licences may be applied for General Insurances normally called ‘Short Term’ covers and these concern Motor vehicles, Residential and Commercial buildings, travel, medical etc. Separate Licences are also available for Life Assurances which are generally termed ‘Long term Insurance’

Long Term Insurance (“LTI”) constitutes the largest segment of Mauritius insurance industry with more than 50% of written insurance premiums. LTI englobes life assurance, pension, permanent health insurances. Companies in the long-term insurance industry hold assets in excess of MUR 100 million. There were some eight (8) such licences in operation in 2020.

General insurance is a term used to describe all types of insurances, other than

life insurance. Everybody is likely to need some form of general insurance at some time in one’s life.

General insurance helps us protect ourselves and the things we value, such as our homes, our cars, our health, our business and our other valuables, from the financial impact of risks, big and small – from fire, cyclones, flood, to theft, car accidents, travel mishaps – and even from the costs of legal action against us.

PROFESSIONAL RE-INSURANCE LICENCE

Re- insurance is the practice whereby insurers transfer portions of their risk portfolios to other parties by some form of agreement to reduce the likelihood of paying a large obligation resulting from an insurance claim. The party that diversifies its insurance portfolio is known as the “ceding party”. The party that accepts a portion of the potential obligation in exchange for a share of the insurance premium is known as the “reinsurer”.

A re-insurance company is governed by the INSURANCE ACT 2005. It can be incorporated either as a Domestic company or a company holding a Global Business Licence. There exist four types of re-insurance treaties depicted in the following diagram.

METHODS OF RE-INSURANCE

Facultative Re-insurance

Proportional Re-insurance

Treaty Re-insurance

Non-Proportional Re-insurance

INSURANCE AGENT

The Insurance Act 2005 defines the insurance agent as a person who, with the authority of an insurer and not being an employee of the insurer, acts on behalf of the insurer in the initiation of the insurance business, the receipt of proposals, the issue of policies, the collection of premiums or the settlement of claims.

- The Insurance Agent Licence is also issued by the FSC.
- To note that either a Company or an Individual can apply for an Insurance Agent Licence.

INSURANCE BROKER

The Insurance Broker is defined as a person who arranges insurance business with insurers on behalf of prospective policyholders, or as a representative of a policyholder, and includes a reinsurance broker carrying on reinsurance brokering for an insurer

Preparation of Financial Statements

All businesses operating in the Insurance sectors (Insurers, re-insurers, agents and brokers) must prepare Accounts in compliance with ‘International Financial Reporting Standard’ (“IFRS”). The yearly accounts must be audited by a Qualified Auditor licensed by the Financial Reporting Council (“FRC”). As such, accounts must be filed with the FSC **within a period of three months** from the date accounts are closed.

Taxation

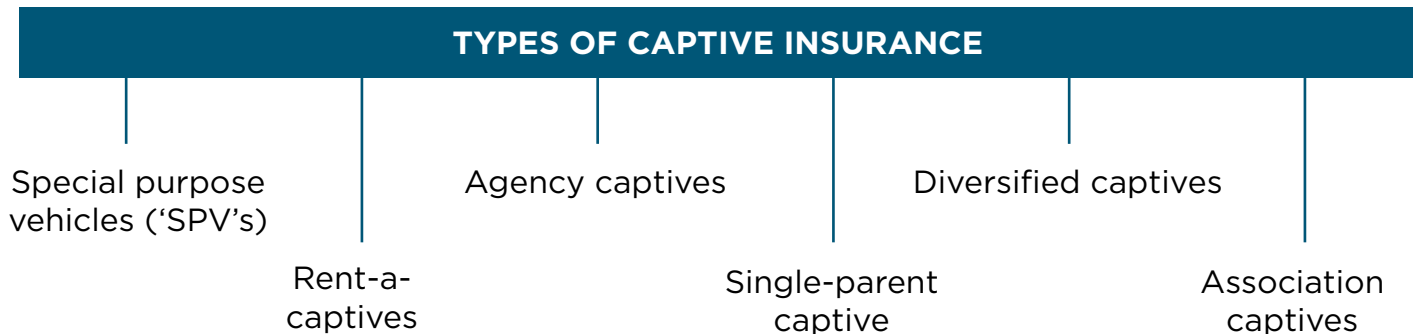
- All insurance licensees which operate on the local market are taxable at 15% on ‘their Taxable Profit’.
- Those who operate outside of Mauritius and they are non-resident in Mauritius, will not be subject to local Income Tax.
- Those who operate from Mauritius and which service clients under a Global Business Licence (GBL) essentially located outside of Mauritius will be liable to a reduced rate of taxation of 3% provided they satisfy certain fundamental conditions.

CAPTIVE INSURANCE

'Captive Insurance Companies' are insurance companies established by a 'Holding' or a 'Parent Group' with the specific objective of mitigating risks.

Captive insurance is governed by the CAPTIVE INSURANCE ACT (CIA) 2015. Captive Insurance can be incorporated both as a domestic company or a company holding a Global Business Licence. ("GBL")

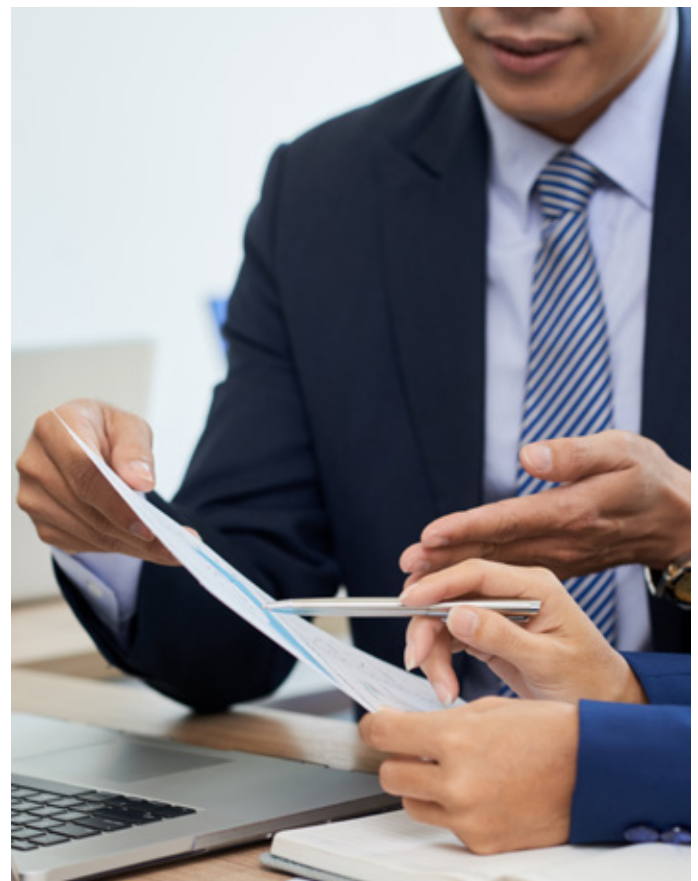
The diagram below illustrates different types of 'Captives':



To conduct the Captive Insurance business, an application for a captive insurance business licence must be made to the ("FSC") through a 'Captive Insurance Agent'. Our firm is licensed to act as the Agent. Section 9 of the Captive Insurance Act provides that, apart from a Management Company, only an actuary, an Insurance Manager, a Law Practitioner, a Public Accountant may act as a 'Captive Insurance Agent'.

Taxation

- The Income Tax Act provides an attractive tax holiday period for income derived by captive insurers for a period not exceeding ten years.
- Captive Insurers may also further benefit from the Double Taxation Avoidance Treaty if the latter holds a GBL. Notwithstanding the tax holiday period of ten years, under this regime the effective rate of taxation in Mauritius can be reduced and the latter may enjoy a deemed taxation at 80% of the normal tax rate of 15%.
- To note that this would reduce the effective rate of corporate tax in Mauritius from 15% to 3%. Besides it is worth noting that there is no capital gains tax, and no withholding tax on payment of dividends, interests or royalties paid to non-Residents.



TOGETHER WE MAKE IT HAPPEN

With a view to assist you, feel free to contact our team for any assistance:

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