



**REGISTRAR OF FINANCIAL INSTITUTIONS**

**GUIDELINES ON LICENSING OF A FUNERAL  
INSURANCE PROVIDER IN MALAWI**

**FINANCIAL SECTOR REGULATION DEPARTMENT**

## **PART I - PRELIMINARY**

### **1.0 INTRODUCTION**

The Registrar of Financial Institutions (“the Registrar”) is responsible for the licensing and regulation of entities operating in the insurance sector in Malawi. In line with the provisions of the Financial Services Act, 2010 and the Insurance Act 2010, any entity conducting insurance business, including funeral insurance in Malawi is expected to obtain an operating licence from the Registrar. Accordingly, the Registrar has issued these Licensing Guidelines to facilitate applications for a licence to operate as a funeral insurance provider. The Guidelines are intended to provide guidance on the licensing criteria for applicants applying for a funeral insurance provider’ licence or licence renewal.

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

### **2.0 DEFINITIONS**

In these Guidelines, unless the context otherwise requires: -

**“Applicant”** means any person who submits an application for a licence to operate as a funeral insurance provider;

**“Core capital”** means the core capital as determined in the Registrar’s Directive on capital and solvency;

**“Funeral insurance business”** means business of undertaking liability, by way of insurance, for the provision of benefits consisting of: -

(a) the provision of funeral, burial or cremation services, with or without the supply of goods connected with such services; or

(b) the payment of money, on the death of a person, for the purpose of meeting the whole or a part of the expenses of, and incidental to the funeral, burial or cremation of the person; and

(c) no other benefits except benefits incidental to the funeral business;

**“Funeral policy”** means a policy whereby the funeral insurance provider assumes, in return for a premium or the promise of a premium, an obligation to provide, on the death of any person, benefits, which consist principally of provision for the burial and funeral of that person or the grant to another person of some non-monetary benefit, whether or not the policy provides for –

- (a) the payment at the option of the funeral insurance provider or any other person of a sum of money instead of provision of a funeral or the grant of non - monetary benefit; or
- (b) the payment of a sum of money in addition to the provision of a funeral or the grant of some non - monetary benefit;

**“Act”** means the Insurance Act, of 2010.

**“Principal officer”** means the principal officer, of an insurer or an insurance intermediary, appointed under section 15 of the Act;

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

**“Solvency ratio”** means the solvency ratio as determined in the Registrar’s Directive on capital and solvency.

## **PART II: APPLICATION PROCEDURES**

- 1.0 An application for a licence as a funeral insurance provider shall be made by completing the application form provided in *Appendix I*.
- 2.0 An applicant should not leave any requirements blank or unanswered. If a response to any requirement is ‘no’, ‘none’, ‘not applicable’ or ‘not known’, it must be so stated and an explanation provided, where necessary.
- 3.0 The application must be supported by information outlined in *Part III*. An application which does not contain all the information as required in *Part III* shall be deemed incomplete and will not be processed.

- 4.0 Submitting inaccurate or misleading information will result in an outright rejection of the application.
- 5.0 The Registrar may, in his discretion, require further information to support processing of the application.
- 6.0 An application shall be accompanied by a non-refundable licence assessment fee of Two Hundred Fifty Thousand Kwacha only (K250,000.00) payable to the Reserve Bank of Malawi.
- 7.0 The licence for a funeral insurance provider shall expire on 31 March of each year.
- 8.0 The application must be duly signed by the applicant(s) and must provide details of a contact person formally designated by the applicant(s) to act on its behalf on matters connected to the application. All communication between the Registrar and the applicant(s) will be conducted through the contact person provided.
- 9.0 The application must be submitted to the following address:

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

### **PART III: LICENSING REQUIREMENTS**

- 1.0 An applicant for a funeral insurance provider shall be a body corporate registered under the Companies Act.
- 2.0 The applicant's name must include the words "***Funeral Insurance***".
- 3.0 The applicant must have the appropriate professional and technical capacity to carry out funeral insurance business

- 4.0 The minimum paid-up capital for a funeral insurance provider shall be Three Hundred Million Kwacha only (**K300,000,000.00**). Evidence of capital injection is required prior to being granted a licence. The applicant should state to what extent borrowed or encumbered funds will be used in the initial shareholders' funds, either directly or indirectly. The statement should provide full details on the amounts, sources, collateral and repayment terms for any such borrowed funds.
- 5.0 The funeral insurance provider shall have a core capital of Two Hundred Forty Million Kwacha only (**K240,000,000.00**) as required for insurers licensed to carry on only one class of insurance business in line with the Registrar's Directive on capital and solvency.
- 6.0 Where an applicant is a foreign investor, the applicant shall register the capital with the Reserve Bank of Malawi.
- 7.0 The proposed funeral insurance provider must have a principal officer. The principal officer must be a chartered insurer or have equivalent professional insurance qualification acceptable to the Registrar and must have at least 5 years' relevant experience in insurance business.
- 8.0 The proposed funeral insurance provider must have a minimum of five (5) board directors, the majority of whom must be independent directors. The directors must have a diverse mix of skills, knowledge and experience needed for the effective and prudent operation of the institution.
- 9.0 The applicant shall satisfy all the requirements of the Financial Services Act, Insurance Act, Registrar's directives and other relevant laws or any such additional requirements or conditions as may be prescribed from time to time by the Registrar.
- 10.0 The applicant must possess appropriate information and communication technology adequate for the purpose of providing funeral insurance business. The Registrar may prescribe the necessary minimum requirements.

- 11.0 The application should be accompanied by a detailed business plan which should include a three-year financial projection of premium income, other income and related expenses.
- 12.0 The applicant must provide details of the services to be provided, fees and a sample of the generic funeral insurance policy.
- 13.0 The applicant shall not seek to be licensed under a name that closely resembles the name of an existing funeral insurance provider.

#### **PART IV: APPROVAL PROCESS**

In considering an application for a funeral insurance provider licence, the Registrar shall consider whether the applicant has submitted all the required information as follows: -

- 1.0 Duly completed application form for a funeral insurance provider and any other documents in support of the application form;
- 2.0 Certificate of incorporation;
- 3.0 A certified true copy of the Memorandum and Articles of Association of the Applicant company which must indicate among others that the sole objective being to conduct funeral insurance business;
- 4.0 Ownership structure of the applicant showing names, profession/business of proposed investors (including beneficial owners), and percentage shareholding.
- 5.0 Bio-data/ résumé of individual shareholders and profile of institutional shareholders.
- 6.0 Audited financial statements and reports of the institutional owners for the last three years, where applicable;
- 7.0 Certified financial statements of the individual owners;

- 8.0 Business plan which shall contain Business strategy and objectives of the funeral insurance provider covering the services to be rendered, strategy, profit growth, as well as implementation plan; a five-year financial projection including statement of financial position, statement of comprehensive income, cash flow statement, capital and solvency projection, and underlying assumptions;
- 9.0 Evidence of installation of appropriate information and communication technology facilities as well as risk management systems;
- 10.0 Where the applicant intends to have branches, provide details of policy on branch expansion indicating policy objectives and probable location of branches;
- 11.0 Attestation by each of the proposed members of the board and executive management that he or she has never: -
- 11.1 compounded his/her debt, had a judgment debt, or been involved in any fraud;
  - 11.2 been indicted by any commission of inquiry;
  - 11.3 been refused or expelled from membership of a professional body or association;
  - 11.4 been convicted by any court of law or is under any pending criminal prosecution; and
  - 11.5 been disqualified under any law in Malawi or elsewhere from acting in that capacity.
- 12.0 The legal structure of the proposed funeral insurance provider, its shareholders.

The Registrar shall ascertain the financial capability of the shareholders; compliance with laws and regulations; fitness and propriety of proposed shareholders and employees and verification of any information which the Registrar may deem necessary in the processing of the application and any other condition that the Registrar may deem appropriate.

## **PART V: OTHER REQUIREMENTS**

- 1.0 The licensed funeral insurance provider is required to commence funeral insurance business within three months from date of its licence.
- 2.0 The Registrar shall conduct an inspection of the premises of the applicant to ascertain suitability for the conduct of funeral insurance business.
- 3.0 A funeral insurance provider shall obtain prior written approval of the Registrar on opening and closing of the branches.
- 4.0 A funeral insurance provider shall pay to the Registrar within four months after close of the financial year an annual supervisory levy to the Registrar.
- 5.0 The levy will be applicable to the entity after twenty-four months of operation, and the levy will be K500, 000.00 (Five Hundred Thousand Kwacha) or 1% of the audited annual profit of the preceding year, whichever is greater provided it does not exceed K2, 000,000.00 (Two Million Kwacha).

### **ENQUIRIES**

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

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

**Tel: 01 820 444/299**  
**E-mail: [fsr@rbm.mw](mailto:fsr@rbm.mw)**

## **APPENDIX I**

### **INFORMATION REQUIREMENTS FOR NEW FUNERAL INSURANCE PROVIDER**

**PLEASE READ THE GUIDELINES ON LICENSING OF FUNERAL INSURANCE PROVIDERS BEFORE SUBMITTING THE INFORMATION.**

An information requirement form is also included. An application for a Funeral Insurance Provider licence submitted to the Registrar should contain complete information on all requirements listed below. Information should be typewritten in English on separate paper in the same order as requested. Application information should be accompanied by supporting documents as required. All information requested must be submitted. Do not leave any requirements blank or unanswered. If the response to any requirement is “no,” “none,” “not applicable,” or “not known,” please so state and provide an explanation. Submitting inaccurate or incomplete information will delay the processing of the application.

The application must be signed by a duly authorized officer and submitted to the address given below.

Upon completion, one (1) original and one (1) duplicate copy of the application and all attachments must be submitted to:

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

# **MALAWI**

## **INFORMATION REQUIREMENTS**

Please submit the following information regarding the legal structure, ownership structure, management structure and business plan of the proposed Funeral Insurance Provider.

### **1.0 Legal structure**

1.1. Name and Address (postal address, email, telephone and fax number) of the proposed Funeral Insurance Provider (corporate name to be used for the purpose of carrying on funeral insurance business).

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1.2. Location of the proposed new Funeral Insurance Provider's head office in Malawi.

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1.3. Location of all other offices (branches, representative offices) planned for the new Funeral Insurance Provider firm during the first three years of its operation.

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1.5. Funeral insurance business:

- a. List all classes of funeral insurance products to be served by the provider.
  - b. Provide a copy of a generic funeral insurance policy for the funeral insurance product provided.
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1.6. Indicate proposed date of business commencement

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1.7. The capital structure of the proposed funeral insurance provider showing the proposed amount of paid-in capital including the amount previously been paid-in or subscribed to; provided, however, that no capital may be contributed in-kind. Identify the type, number and par value of each class of shares proposed

to

be

issued

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1.8. Principal Officer:

- i. Name of individual designated as principal officer.
  - ii. Provide details regarding his/her professional and educational qualification.
  - iii. Provide details regarding his/her employment history, including positions held and level of managerial experience.
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1.9 Does the applicant or any of the promoters of the applicant carry on any business or have an interest in any business other than the Funeral Insurance Provider's business? If yes, give full details, including the name of the business, its address, and the nature of its business?

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1.10 Other information:

- i. Has the applicant, any affiliate or any promoter of the applicant ever been refused registration as a Funeral Insurance Provider under the Insurance Act 2010 or under the laws of any other jurisdiction which required such registration, or has any such registration been suspended or cancelled?
- ii. Provide details if any of the promoter(s) has ever been:
  - a. charged or convicted under the laws of Malawi or any other country.
  - b. a defendant in any proceedings in any civil court or tribunal in any country where fraud, theft, misrepresentation, negligence or other similar conduct was alleged.

- c. declared bankrupt or made a voluntary assignment in bankruptcy, or been subject of proceedings relating to insolvency, dissolution or winding up of business.
  - d. a recipient of a judgement or garnishment in any civil court in any country.
  - e. refused errors and omissions insurance or a fidelity bond or ever had any of such insurance cancelled.
- iii. Is there any person or entity, whose name is not disclosed in this application, who has any direct or indirect beneficial interest in the applicant?
- v. Give the name of the Auditor engaged to audit the account of the applicant.
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## **2.0 Ownership structure**

Provide the following information on all beneficial owners of the Funeral Insurance Provider.

2.1. Name (all names used, including trade names).

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2.2. Address.

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2.3. Nationality and country identification number.

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2.4. Complete information on the source of funds to be used to purchase the shares of stock in the proposed Funeral Insurance Provider, including the amount of funds required and the specific source of those funds.

2.4.1. If assets were (or will be) sold: Complete information on the sale, including copies of all pertinent documents.

2.4.2. If funds were (or will be) borrowed:

- Complete information on the loan including identification of the lender(s), amount to be borrowed, amount of the loan as a percentage of the total purchase price, collateral to be pledged, and all terms of the transaction;
- Specific information on how the loan will be repaid; and
- Complete details if dividends, salary, fees, or any other payments from the Funeral Insurance Provider are anticipated to be used to service the debt.

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### **3.0 Other Information**

- i. Has the applicant, any affiliate or any promoter of the applicant ever been refused registration as a Funeral Insurance Provider under the Insurance Act 2010 or under the laws of any other jurisdiction which required such registration, or has any such registration been suspended or cancelled?
- ii. Provide details, if any, of the promoter(s) of the applicant has ever been:
  - a. charged or convicted under the Laws of Malawi or any other country.
  - b. a defendant in any proceedings in any civil court or tribunal in any country where fraud, theft, misrepresentation, negligence or other similar conduct was alleged.
  - c. declared bankrupt or made a voluntary assignment in bankruptcy, or been subject of proceeding relating to insolvency, dissolution or winding up of business.

- d. recipient of a judgment or garnishment in any civil court in any country.
  - iii. Is there any person or entity, whose name is not disclosed in this application who has any direct or indirect beneficial interest in the applicant?
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## DECLARATION

With regard to

### **APPLICATION FOR LICENCE TO CONDUCT BUSINESS AS A FUNERAL INSURANCE PROVIDER**

We, the undersigned, do hereby certify that:

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

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

<b>NAME</b>	<b>SIGNATURE</b>	<b>TITLE/POSITION</b>

**Date:**.....

## APPENDIX II

### LICENCE RENEWAL APPLICATION FORM

1. Name of applicant:

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2. Mailing address:

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3. Phone no(s):

Fax no:

E - mail:

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4. Location of offices:

i. Head office (provide physical address)

ii. Other offices (branches, agencies, etc)

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5. Principal officer:

i. Name of individual designated as principal officer.

ii. Provide details regarding his/her professional and educational qualification.

- iii. Provide details regarding his/her employment history, including positions held and level of managerial experience.
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6. Other responsible persons (technical and accounting)

- i. Names of individuals designated to manage the technical and accounting functions.
  - ii. Provide details regarding their professional and educational qualifications.
  - iii. Provide details regarding their employment history, including positions held and levels of managerial experience.
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7. Proposed board

- i. Names of designated board directors.
  - ii. Provide details regarding their professional and educational qualifications.
  - iii. Provide details of other directorships held by the proposed directors.
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8. If applicant is a corporation provide:

- i. Certified true copies of the certificate of incorporation, memorandum and articles of association including the bye-laws and other relevant documents.
- ii. Details of the share structure of the corporation in terms of authorised share capital by each class of shares, number of shares issued, and outstanding, voting rights associated.

- iii. List of all shareholders who own 10.0 percent or more of the shares of the corporation.
  - iv. An organizational chart showing inter-corporate share holdings and linkages where the corporation is a member of a group of companies. If any member of the group is a registered broker, give its Registration Number.
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9. Provide name, address and account number of the bank where trust funds or securities are deposited.

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10. Provide names of individuals, together with details of their qualification and work experience, who will be in charge of the branches of the broking firm. Indicate how the branch operations will be supervised and monitored.

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

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12. Other Information:

- v. Has the applicant (s), or any affiliate of the applicant ever been refused a licence under the Financial Services Law or under the laws of any other jurisdiction which required such licensing, or has any such licence been suspended or cancelled? (If yes, please provide details).
- vi. Provide details if any of the shareholder(s) has ever been:
  - a. charged or convicted under the Laws of Malawi or any other country.

- b. a defendant in any proceedings in any civil court or tribunal in any country where fraud, theft, misrepresentation, negligence or other similar conduct was alleged.
  - c. declared bankrupt or made a voluntary assignment in bankruptcy, or been subject of proceedings relating to insolvency, dissolution or winding up of business.
  - d. recipient of a judgement or garnishment in any civil court in any country.
- vii. Is there any person or entity, whose name is not disclosed in this application who has any direct or indirect beneficial interest in the applicant?
- viii. Give the name of the Auditor engaged to audit the account of the applicant.

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## **DECLARATION**

**With regard to**

### **APPLICATION FOR LICENCE RENEWAL TO CONDUCT BUSINESS AS A FUNERAL INSURANCE PROVIDER**

We, the undersigned, do hereby certify that:

- i) all the information given in response to and in support of the questions in this application is true and correct to the best of our knowledge and belief; and
- ii) this application is made in good faith with the purpose and intent that affairs and business of the proposed funeral insurance provider will at all times be

honestly conducted in accordance with good and sound business principles and in full compliance with all applicable laws and regulations.

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

<b>NAME</b>	<b>SIGNATURE</b>	<b>TITLE/POSITION</b>

**Date:**.....