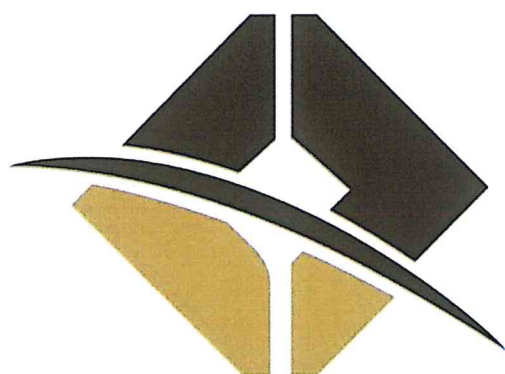




FSRA
FINANCIAL SERVICES
REGULATORY AUTHORITY

CIRCULAR NO. 4/2016

ADDRESSED TO:	ALL INSURERS, MEDICAL SCHEMES AND INSURANCE BROKERS
SUBJECT:	ENFORCEMENT OF REQUIREMENT TO REINSURE AT LEAST 20% OF RISK WITH LOCAL REINSURERS.
EFFECTIVE DATE:	1st JULY 2016
STATUTORY REFERENCE:	SECTION 5 (1) OF THE INSURANCE ACT, 2005 AND REGULATION 15 OF THE INSURANCE REGULATIONS, 2008.

This circular hereby brings to the attention of all insurers, Medical Schemes and insurance brokers in the country that following the registration of reinsurance companies in Swaziland they will now be required to reinsure at least 20% of their risk locally.

This Circular is based on **Regulation 15 of the Insurance Regulations, 2008** which prohibits insurers from reinsuring with foreign reinsurers. The proviso to the above regulation is that where all reinsurance options have been exhausted in the country and the insurer having satisfied the FSRA that such options were exhausted, would thereby be permitted to reinsure outside the country.

Insurers, medical schemes and insurance brokers are hereby required to reinsure **at least 20%** of their risk with a local reinsurer. Furthermore they must continue to comply with Regulation 15 in so far as they intend to reinsure the rest of the risk outside Swaziland.

Where local reinsurers have no capacity to reinsure a particular risk, the insurer, medical scheme or insurance broker may apply for exemption from the provisions of this Circular, provided that sufficient proof to this effect is submitted. On application for exemption the entity should submit the following;

- A letter in motivation of the application
- Confirmation from local reinsurer

This Circular will be applicable to;

- New policies/risks which the insurer, medical scheme or insurance broker wishes to reinsure after the 1st July 2016.
- Existing policies/risks where the existing reinsurance agreement has elapsed and is being renewed.

This Circular shall apply with effect from the 1st of July 2016.



FINANCIAL SERVICES REGULATORY AUTHORITY