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LEGAL NOTICE NO. 58 OF 2021

**Insurance (Registration and Licensing Requirements for Insurers)
Regulations, 2021**

Pursuant to section 134 of the Insurance Act, 2014¹, the

CENTRAL BANK OF LESOTHO

being the Commissioner of Insurance, makes the following regulations -

Citation and commencement

1. These Regulations may be cited as the Insurance (Registration and Licensing Requirements for Insurers) Regulations, 2021 and shall come into operation on the date of publication in the Gazette.

Purpose

2. The purpose of these Regulations is to outline the application process and requirements for registering and obtaining a licence to conduct insurance or reinsurance business under the Act.

Application

3. These Regulations apply to a person who wishes to be registered and licensed to carry an insurance business in Lesotho.

Pre-application procedure

4. (1) An applicant shall, before making an application for registration, request a preliminary conference with the Commissioner for the purpose of declaring an intention to apply for a licence.

(2) The Commissioner shall arrange for a conference in subregulation (1) within 2 weeks from receipt of the request to -

- (a) give an overview of the laws and regulations governing the conduct of insurance business in Lesotho;

- (b) explain the criteria for evaluating an application to the applicant;
- (c) obtain a declaration of an intent to register an insurance business from the applicant; and
- (d) direct the applicant to lodge an application for registration within the prescribed period.

Application for registration and licensing

5. (1) Pursuant to section 8(2), an application for registration as an insurer or reinsurer shall be accompanied by -
- (a) payment of an application fee as prescribed in the Schedule.
 - (b) proof of paid-up capital duly certified by an auditor of -
 - (i) M4, 000, 000.00 for an insurer;
 - (ii) M45, 000,000.00 for reinsurer;
 - (c) a clear and detailed description of the proposed management information system describing how -
 - (i) it is suitable to the type of business in which the applicant will engage;
 - (ii) it will work within the technology that will be used; and
 - (iii) the security hardware, software, and procedures will be sufficient to protect the applicant from unauthorized tampering or access.
- (2) The Commissioner shall refund 50 percent of the application fee referred to in subregulation (1)(a) where the application is declined.
- (3) An application for registration as a reinsurer shall be accompa-

nied by -

- (a) details of the applicant's -
 - (i) legal representatives;
 - (ii) local and foreign bankers;
- (b) the risk management system of the applicant describing how -
 - (i) the information system will work within technology that will be used;
 - (ii) the information system is suitable to the type of business in which the applicant will engage; and
 - (iii) the security hardware, software, and procedures will be sufficient to protect the applicant from unauthorized tampering or access;
- (c) a certificate by an actuary certifying the financial soundness of the business plan of the applicant;
- (d) a list of countries in which the applicant carries on business and certified copies of licences, registrations or authorizations for operating in those countries; and
- (e) proof of credit rating issued within 18 months from the following agencies with the minimum credit ratings -
 - (i) Moody's Investor Services - Baa3;
 - (ii) Standard and Poor's Corporation - BBB;
 - (iii) Fitch Ratings - BBB;
 - (iv) A.M. Best Company - bbb; and
 - (v) Global Credit Rating (GCR) - BBB.

(4) The documents in subregulation (1) shall be as of a date not earlier than 90 days prior to lodging an application.

(5) The submission of a false or misleading information or documentation by the applicant constitutes a ground for refusal of registration or revocation if a licence has been issued.

Processing of applications

6. (1) The Commissioner shall, within 10 working days of receipt of an application made under section 8 of the Act, review an application and notify the applicant through a letter of -

- (a) acknowledgement, that the documents submitted are complete and shall process the application within 90 days; or
- (b) deficiency, that the documents submitted are incomplete, and the application shall not be processed or evaluated until a deficiency is rectified within the prescribed time.

(2) The Commissioner shall decline an application which fails to comply with subregulation (1)(b) and the applicant shall be barred from submitting further documents or lodging a new application for a period of 12 months.

(3) After sending a letter of acknowledgement to the applicant, the Commissioner shall process the application within 90 days.

Commencement of operations

7. (1) An insurer shall operate within 6 months of issuance of the licence by the Commissioner.

(2) An insurer shall notify the Commissioner of an opening date 30 days before the commencement of operations.

Refusal of a licence

8. The Commissioner may refuse to issue a licence in terms of section 16 of the Act and shall notify the applicant of the -

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- (a) right to appeal the decision to the Tribunal under section 132 of the Act; and
 - (b) the procedure to be followed when lodging an appeal.

Renewal of a licence

9. (1) An insurer who applies for renewal of a licence in terms of section 15 of the Act shall make an application to the Commissioner 3 months before the expiration date of a licence.

(2) An application for renewal of a licence shall be accompanied by -

- (a) payment of a renewal fee as prescribed in the Schedule;
- (b) details of brokers and key employees;
- (c) a list of the agents of an insurer and proof of annual licence fees paid on their behalf; and
- (d) in the case of reinsurers -
 - (i) a tax clearance certificate; and
 - (ii) a credit rating report.

(3) The Commissioner shall, within 45 days of receipt of an application for renewal of a licence, approve or refuse to renew a licence.

(4) Where the Commissioner renews a licence, it may impose such conditions as it considers necessary.

(5) Where the Commissioner refuses to renew a licence, it shall notify the applicant in writing, of -

- (a) its refusal, stating the reasons for the refusal; and
- (b) the right to appeal the decision to the Tribunal under section 132 of the Act.

(6) The Commissioner may revoke or suspend the licence in accordance with section 18 of the Act if a licensed insurer fails to apply for renewal of a licence within 1 month after its expiry.

SCHEDULE

Application and Renewal Fees

(Regulations 5 and 9)

Type of Licence	Application fee (M)	Renewal Fee(M)
INSURANCE	25,000.00	25,000.00
REINSURANCE	50,000.00	50,000.00

DATED:

**DR. RETŠELISITSOE MATLANYANE
GOVERNOR OF THE CENTRAL BANK OF LESOTHO
SIGNING FOR AND ON BEHALF OF THE
CENTRAL BANK OF LESOTHO**

NOTE

1. Act No. 12 of 2014