

## MOZAMBIQUE | Regulation of the Insurance Activity

It has been recently disclosed the publication of Decree nr. 30/2011, of 11 August, which approves the new Regulation of the Conditions of Access and Conduct of the Insurance Activity and Respective Mediation (“Regulation”).

Such Regulation aims at detailing the brand new Insurance Activity Legal Framework, approved by Decree-law nr. 1/2010, of 31 December (“Insurance Regime”).

The publication and entry into force of the Regulation, concludes the consolidation of the insurance legal framework in Mozambique, which now comprises an institutional component – the conditions of access and conduct of insurance activity (including micro-insurance) and mediation (in the categories of broker, agent and promoter) –, as well as a material component – the rules the insurance agreement must comply with.

The Regulation is focused on the institutional component and establishes, in detail, both the conditions of access to the activities listed above and the conditions for the respective exercise.

It is worth noting the strong concern with the control of the suitability of the insurance companies shareholders, including, where applicable, in the context of a group in which the insurance company to be incorporated is integrated, the relationships between the said shareholders (shareholders’ agreements being subject to registration) and, finally, the suitability and qualification of the members of the insurance companies’ corporate bodies.

On the other hand, it is now required the demonstration of the economic and financial feasibility of the envisaged insurance projects, including the presentation of balance sheets, profit forecasts and other related prediction documents.

In what concerns the incorporation of local branches of foreign insurance companies (the only way such companies are allowed to act in Mozambique, according to the Insurance Regime), it should be noted that the respective authorization is subject to, besides legal requisites, opportunity and convenience requisites, which shall be appraised in face of the economic and financial interests of the Mozambican market, the burden of the demonstration of the feasibility of the project and its interest within the national context being left to the interested parties.

For the above purposes, the Mozambican Institute of Insurance Supervision (“*Instituto de Supervisão dos Seguros de Moçambique*” or “ISSM”), created by the Insurance Regime, is invested with the necessary legal attributions and competences to instruct the process of previous authorization of the conduct of the insurance activity (which final decision is up to the Ministry that oversees the finance area) and to audit such activity and the respective mediation.

The Regulation also contains detailed requisites and procedures concerning the constitution and maintenance of technical provisions and solvency margins to be complied by the insurance companies.

More information please contact:

Nuno Castelão | VdA, Head of International Relations: [nc@vda.pt](mailto:nc@vda.pt)

Isabel Garcia | Silva Garcia, Partner: [Isabel.garcia@silvagarcia.co.mz](mailto:Isabel.garcia@silvagarcia.co.mz)

Ana Rita Almeida Campos | VdA, Head of Business & Practice Moçambique: [arc@vda.pt](mailto:arc@vda.pt)

João Mayer Moreira | VdA, Associado: [jam@vda.pt](mailto:jam@vda.pt)