

**BEEMA SAMITI  
(INSURANCE BOARD)**



**LICENSING POLICY  
(UNOFFICIAL TRANSLATION)**

In exercise of the power conferred by section 10 (2) (e) of the Insurance Act, 2049, Beema Samiti has prescribed the following documents in order to include with the application for the registration as an Insurer.

1. Any organized institution applying to establish a insurance company should submit following documents except the documents mentioned in Insurance Act, 1992, Article 10 and Insurance Regulation, 1992, Rule 7 :

- a) Feasibility Study Report - 2 Copies (Schedule 1) ,
- b) If any agreement is there among promoters about the registration of insurer, copy of that agreement paper ,
- c) Income source and proof of ability of promoters to invest in proposed insurance company,
- d) Personal Details of promoters (Schedule 2) ,
- e) Authorized letter proving promoters not being in blacklist ,
- f) Tax clearance certificate of last fiscal year of promoters ,
- g) Citizenship certificate of promoters ,
- h) If promoters have any financial interest in any institution, description showing document of that institution ,
- i) Following Documents of proposed insurer;
  - o Employees' bylaw and Financial administration bylaw,
  - o Documents showing the bases of determining the premium rate ,
  - o Underwriting, customer service, claim payment and business promotion directives,

- j) If proposed insurer has any agreement to take service from foreign insurer or person, that agreement paper.
- 2 If promoter(s) is an organized institution, following documents including the documents mentioned in 1 should be submitted;
- a) Registration certificate and copy of operating license ( if any) ,
  - b) Copy of decision of board of director about proportion of share investment and determination of person/organization representing the proposed insurer,
  - c) Memorandum and article of association ,
  - d) Name list of directors and detail of institutions having financial interest of them,
  - e) Tax clearance certificate of last fiscal year ,
  - f) Annual report showing investing capacity and positive growth in net worth of last three years ( or period of operation whichever is less).
- 3 If the proposed insurer is a foreign joint venture then that should submit following documents including mentioned in 1 about the foreign promoter;
- a) Including following details, the approval from supervisor of respective country :
    - o Proof of termination or cancellation of ban, if operation had been banned,
    - o Proof of foreign promoter running the respective insurance business in home country,
  - b) Audited annual report of last three years proving positive growth in net worth,
  - c) Copy of joint venture agreement with Nepalese investors,

- d) Detail of investment in any organized institution in Nepal (if any ),
- e) Financial credibility documents proving credit worthiness,
- f) Name list and proportion of ownership of directors and detail of organization(s) in which they have financial interest including detail of board of directors.

4 If the proposed insurer is a foreign insurer, that should submit following documents in Nepali language too including mentioned in 1;

- a) Memorandum and article of association - 2 copies,
- b) Name list and proportion of ownership of directors and detail of organization(s) in which they have financial interest including detail of board of directors,
- c) Copy of the decision of board of directors to establish insurance company in Nepal,
- d) Copy of tax clearance certificate of last fiscal year (if available) or proof of being updated in related tax office.
- e) Approval of home supervisor disclosing following details:
  - o Proof of termination or cancellation of ban, if operation had been banned,
  - o Proof of foreign promoter running the respective insurance business in home country,
- f) Audited annual report of last three years proving positive growth in net worth,
- g) Detail of investment in any organized institution or detail of representative in Nepal (if any).

(Schedule 1)

Minimum Points to be Included in Feasibility Study Report of Proposed Insurer

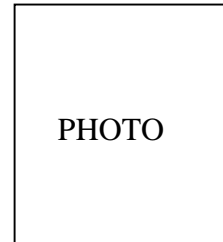
1. Brief analysis of macroeconomic condition of Nepal,
2. Existing picture and prospects of Nepali insurance market,
3. Relevancy of establishment of new insurer
4. Business Plan (at least five years)
  - a) Basic strategy to be adopted by proposed insurers for sustainability and bases of sustainable growth,
  - b) Plan of Insurance Product,
  - c) Types and categories of Insurance Business,
  - d) Reinsurance Plan,
  - e) Business Expansion Policy,
  - f) Organizational Structure and Management Information System
  - g) Technology Transfer Plan
  - h) Geographical areas of business
  - i) Market Penetration and Marketing Strategy
  - j) Investment Plan
  - k) Human Development Plan
  - l) Plan of Return on Capital
5. Business Plan
  - a) Capital Structure Statement
  - b) Statement of Expenses in Fixed Asset
  - c) Office Expenses Statement

- d) Staff Expenses Statement
  - e) Preliminary and Pre-operating Expenses Statement
  - f) Market Share in terms of Premium and Revenue Statement
  - g) Investment and Return Statement
  - h) Balance Sheet, Profit and Loss Account, and Cash Flow Statement
  - i) SWOT Analysis,
  - j) Key Financial Indicators including Pay Back Period, Internal Rate of Return, Gross Margin, Earning per Share)
  - k) Basic Assumptions of Business Plan.
6. Sensitivity Test
- a) Financial analysis, if market share decreases by 5%
  - b) Financial analysis, if premium decreases by 5%
  - c) Financial analysis, if return from investment decreases by 5%
  - d) Financial analysis, if claim increases by 5%
  - e) Financial analysis, if all above condition appears in the same time

## Schedule 2

### Personal detail of Promoters of Proposed Insurer

1. Full Name and Surname,
2. Date of birth,
3. Place of birth,
4. Citizenship,
5. For Foreigners:
  - (a) Name of institution,
  - (b) Registration date of institution,
  - (c) Representative's name and designation,
6. Full Address (with phone, fax, e-mail)
7. Occupation;
  - (a) Organization,
  - (b) Address,
  - (c) Type of business,
  - (d) Designation,
  - (e) Telephone, fax, e-mail
8. Marital Status
  - (a) Married/ Unmarried/ Divorced,
  - (b) Spouse,
  - (c) Occupation of Spouse,



(d) Dependents' detail,

| Full Name | Relation | Age | Academic Qualification |
|-----------|----------|-----|------------------------|
|           |          |     |                        |
|           |          |     |                        |
|           |          |     |                        |

9. a) Father's Name;

Name,

Address,

Occupation,

b) Mother's Name;

Name,

Address,

Occupation,

10. Academic Qualification

| Level               | Name of Institution | Duration | Main Subject | Date of Degree |
|---------------------|---------------------|----------|--------------|----------------|
| Graduation          |                     |          |              |                |
| Masters             |                     |          |              |                |
| Ph.D.               |                     |          |              |                |
| Professional Degree |                     |          |              |                |
| Other               |                     |          |              |                |



11. Employment/ Experience/ Training (last five years)

| Name and address of Institution | Duration | Post | Reason to leave the job |
|---------------------------------|----------|------|-------------------------|
|                                 |          |      |                         |
|                                 |          |      |                         |
|                                 |          |      |                         |

12. Detail of professional license (if any),

- a) Type of license,
- b) Date of license issue,
- c) License Number,
- d) License issuing authority,

13. Description of experience, if worked in the organization supervised by Beema Samiti;

- a) Name of Organization,
- b) Type of Work,
- c) Approval from that institution to be promoter,

14. Detail of Investment on Proposed Insurer;

- a) Amount to be invested (In words and numbers),
- b) Percentage of the paid up capital,

Detail of source of investment amount in shares of proposed insurer,

| Income Source | F.Y. | Amount | Remark |
|---------------|------|--------|--------|
|               |      |        |        |
|               |      |        |        |
|               |      |        |        |

Above mentioned description and details are correct. I agree, if license will not be granted otherwise. I agree to be investigated and disclosed publicly any information mentioned above.

Signature:

Name:

Date:

## Licensing Criteria for Life Insurers

Following criteria are determined to recommend Nepal Government in order to provide license to operate life insurance business Nepal under Insurance Act, 1992, Article 10 (4)

1. At least 30% share must be offered publicly. No share can be offered to employee or organized institution of the public call offering.
2. Pre operating expenses should not exceed 0.5% of total paid up capital.
3. Bases of fitness of Promoter should be as per schedule 1.
4. Bases of fitness of Director should be as per schedule 2.
5. Bases of fitness and experience of CEO should be as per schedule 3.
6. Bases of fitness of Underwriting, RI and Claim department heads' should be as per schedule 4.
7. No same family can possess more than 15% shares of paid up capital.
8. Promoter or Director of proposed insurer cannot be the Promoter or Director of other life insurer.
9. At least one Promoter should be a commercial bank or development bank or finance company.
10. Prior Approval of Insurance Board is required to alter the Promoter of proposed insurer.

## Schedule 1

### Bases of Fit & Properness of Promoters

Following criteria have been prescribed for the Promoters of proposed insurers

#### 1. Fitness

At least one third of promoters of insurers should hold Bachelor's Degree or equivalent.

#### 2. Condition of Unfitness

- a) A person less than 21 years,
- b) A lunatic person,
- c) A person rendered bankrupt for being unable to pay debts to creditors
- d) A person not completed three years of completion of punishment, under Insurance Act, 1992, Section 36 (3).
- e) The person blacklisted in relation to transaction with a commercial bank or financial institution,
- f) A person with due tax liability,
- g) A person convicted by a court in an offence involving moral turpitude.
- h) In case of Retired official or first class officer or above than first class officer of Insurance Board, not completion of one year of retirement.

## Schedule 2

### Bases of Fit & Properness of Board of Directors

Following criteria have been prescribed for the Board of Directors of proposed insurers

#### 1. Fitness

At least one third of Board of Directors of insurer should hold at least Bachelor's Degree or equivalent and at least one third of them should have at least five years experience on the post of promoter or Board of Director in industry, trade or professional service.

#### 2. Condition of Unfitness

- a) A person less than 21 years,
- b) A lunatic person,
- c) A person rendered bankrupt for being unable to pay debts to creditors
- d) A person not completed three years of completion of punishment, under Insurance Act, 1992, Section 36 (3).
- e) The person blacklisted in relation to transaction with a commercial bank or financial institution,
- f) A person with due tax liability,
- g) A person convicted by a court in an offence involving moral turpitude.
- h) In case of Retired official or first class officer or above than first class officer of Insurance Board, not completion of one year of retirement.

## Schedule 3

### Bases of Fit & Properness of Chief Administrator

Following criteria have been prescribed for the Chief Administrator of proposed insurers

#### 1. Fitness

- a) A person holding at least Bachelor's Degree or equivalent and having at least ten years work experience in manager level of insurance sector,
- b) A person holding at least Master's Degree or equivalent and having at least five years work experience in manager level of insurance sector or bank or financial institution,
- c) A person holding at least Bachelor's Degree or equivalent and holding fellowship degree in professional exam of insurance,
- d) A person holding at least Master's Degree or equivalent and holding at least associateship degree in professional exam of insurance,
- e) A person passed Chartered Accountancy examination and having at least five years work experience in manager level of insurer or equivalent
- f) A person holding at least fellowship degree or equivalent in professional examination of actuarial science,
- g) A person holding at least Bachelor's Degree or equivalent and holding at least associateship degree in professional exam of insurance and having at least five years work experience in manager level of insurer or equivalent, or
- h) A person holding at least Master's Degree or equivalent in insurance subject and having at least three years work experience in manager level of insurance sector or equivalent.

## 2. Condition of Unfitness

- a) A person less than 21 years,
- b) A lunatic person,
- c) A person rendered bankrupt for being unable to pay debts to creditors
- d) A person not completed three years of completion of punishment, under Insurance Act, 1992, Section 36 (3).
- e) The person blacklisted in relation to transaction with a commercial bank or financial institution,
- f) A person with due tax liability,
- g) A person convicted by a court in an offence involving moral turpitude.
- h) In case of Retired official or first class officer or above than first class officer of Insurance Board, not completion of one year of retirement.

## 2. Condition of Unfitness

- a) A person less than 21 years,
- b) A lunatic person,
- c) A person rendered bankrupt for being unable to pay debts to creditors
- d) A person not completed three years of completion of punishment, under Insurance Act, 1992, Section 36 (3).
- e) The person blacklisted in relation to transaction with a commercial bank or financial institution,
- f) A person with due tax liability,
- g) A person convicted by a court in an offence involving moral turpitude.
- h) In case of Retired official or first class officer or above than first class officer of Insurance Board, not completion of two year of retirement.

## Schedule 4

### Bases of Fit & Properness of Head of Department

Following criteria have been prescribed for the Head of Department of proposed insurers

#### 1. Fitness

- a) A person holding at least Bachelor's Degree or equivalent and having at least five years work experience in manager level of insurance sector,
- b) A person holding at least Master's Degree or equivalent and having at least three years work experience in manager level of insurance sector or bank or financial institution,
- c) A person holding at least Bachelor's Degree or equivalent and holding fellowship degree in professional exam of insurance,
- d) A person holding at least Bachelor's Degree or equivalent and holding at least associateship degree in professional exam of insurance and having at least one year work experience in manager level of insurer or equivalent,
- e) A person holding at least Bachelor's Degree or equivalent and holding at least licentiateship degree in professional exam of insurance and having at least three years work experience in manager level of insurer or equivalent,
- f) A person holding at least associateship degree or equivalent in professional examination of actuarial science,
- g) A person passed Chartered Accountancy examination and having at least three years work experience in manager level of insurer or equivalent,
- h) A person holding at least Bachelor's Degree or equivalent and holding at least Diploma Degree in insurance and having at least four years work experience in manager level of insurer or equivalent,



i) A person holding at least Bachelor's Degree or equivalent in insurance subject and having at least three years work experience in manager level of insurance sector or equivalent.

2. Condition of Unfitness

a) A person less than 21 years,

b) A lunatic person,

c) A person rendered bankrupt for being unable to pay debts to creditors

d) A person not completed three years of completion of punishment, under Insurance Act, 1992, Section 36 (3).

e) A person convicted by a court in an offence involving moral turpitude.