



Main objects of Insurance Companies and Insurance Brokers

The Company's Constitution

A company's constitution consists of its memorandum of association and its articles of association. The memorandum of association is the founding document of the company. It states the main objects and limits the scope of the company. The articles set out the rights, duties and powers of the shareholders, the general meeting of shareholders and the directors as well as the manner in which the affairs of the company are to be managed.

The Registrar of Companies grants the certificate of incorporation after the memorandum and articles have been registered. An initial statement of the general nature of the main business actually to be conducted by the company on incorporation for example to 'to carry on business as a general commercial company' or for example 'to carry on insurance business or to carry on the business of insurance intermediation'

The statement of the main object is a formulation of the company's purpose of existence. The company is then taken to be capable of pursuing the stated main object and unlimited ancillary objects complementing the main object.

Establishment and Functions of the Financial Services Regulatory Authority

The Financial Services Regulatory Authority Act, No 2 (FSRA Act, 2010) is an Act that provides for the regulation and

supervision of non-bank financial services providers. Section 3 of the Act establishes the Financial Services Regulatory Authority (Authority) and mandates it with the administration of financial services laws and with licensing, regulating, monitoring, and supervising the conduct of the business activities of the financial service providers.

The Second Schedule of the Act lists entities that are classified as non-bank financial service providers. Amongst the entities listed are insurance companies and insurance brokers.

Qualifying Requirements for Registration as an Insurer and Insurance Broker

Section 37(1) of the FSRA Act 2010 requires that an application to carry on one or more financial services must be made to the Authority by a company registered under the Companies Act, 2009. Section 7 (1) of the Insurance Act, 2005 provides that only a public company may apply for registration as an insurer.

Section 7 (7) (a) of the Insurance Act, 2005 further provides that a person applying for registration as an insurer shall provide proof to the satisfaction of the Registrar that the person is a public company and has the carrying on of **insurance business as its main object.**

Likewise a person applying for registration as an insurance broker shall provide proof to the satisfaction of the Registrar that the person is a company incorporated locally in terms of the Companies Act, 2009 and **whose main business is carrying on the business of insurance intermediation.**

Insurance Business and Insurance Intermediation as Main Object

In view of the prescribed registration requirements, the Authority wishes to raise awareness to prospective insurers and insurance brokers to ensure that, their memorandum of association reflect the main object being to carrying on insurance business or insurance intermediation.

The Authority further brings to the attention of insurers and insurance brokers to submit a draft of their memorandum of association to the Authority before submitting same to the Registrar of Companies. This will help avoid a situation whereby the Authority declines an application for registration because the entity's main object is not consistent with the provisions of the Insurance Act, 2005.

For comments and queries on any matter relating to the registration of financial services providers, please contact the FSRA on 2 406 8000.