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Bougainville Offshore Financial Authority

Insurance Institutions

1. Introduction & Purpose of the Handbook

This Insurance Companies Licensing Handbook provides comprehensive guidance for applicants seeking authorization to establish and operate insurance or captive insurance businesses under the supervision of the Bougainville Offshore Financial Authority (BOFA) ("the Regulator").

The handbook is intended for:

- General insurance companies
- Life and composite insurers
- Captive insurance entities
- Restricted or special-purpose insurers
- Insurance holding companies and sponsors

It outlines eligibility requirements, license classifications, application procedures, fee structures, compliance obligations, and enforcement standards to ensure financial soundness, policyholder protection, and regulatory transparency.

2. License Classification & Scope

The Authority issues the following classes of insurance licenses:

2.1 Classes I, II & III – General Insurance

Permitted activities include:

- Life insurance
- Non-life / general insurance
- Reinsurance (where approved)
- Composite insurance operations

These classes are subject to full prudential supervision, including capital adequacy, solvency margins, and reporting obligations.

2.2 Classes IV & V – Captive / Restricted Insurance

Permitted activities include:

- Captive insurance for parent or affiliated entities
- Risk financing and self-insurance structures
- Limited third-party underwriting (if approved)

These licenses operate under restricted scope and proportionate regulatory requirements.

3. Eligibility Criteria

Applicants must satisfy the following conditions:

3.1 Legal Formation

- Must be a legally incorporated entity
- Must maintain a registered office and governing body

3.2 Ownership & Control

- Full disclosure of shareholders and beneficial owners
- Transparent group and control structure

3.3 Fit & Proper Requirements

- Directors, senior management, and key officers must meet integrity, competence, and financial soundness standards
- Subject to suitability and background checks

3.4 Financial Soundness

- Adequate capitalization and solvency
- Viable insurance business model
- Paid Up Capital -

4. Application & Licensing Process

Step 1: Application Preparation

- Completion of the official Insurance License Application Form
- Preparation of required documentation

Step 2: Submission

- Submission of application form and attachments to the Authority

Step 3: Application Fee Payment

- Payment of the non-refundable application fee

Step 4: Regulatory Review

- Review of corporate, financial, actuarial, and governance submissions
- Requests for clarification or additional documents where necessary

Step 5: Approval & Licensing

- Issuance of approval
- Payment of annual license fee
- Grant of insurance license

5. Fee Structure

5.1 Application Fee

Fee Type	Amount
Application Fee (Non-Refundable)	USD 900

5.2 Annual License Fees

License Class	Fee
Classes I, II & III – General Insurance	USD 14,000 / year

Classes IV & V – Captive / Restricted	USD 12,000 / year

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6. Late Payment Penalties

Failure to pay annual license fees by the due date will attract the following penalties:

License Class	Late Payment Penalty
Classes I–III	USD 900 per month
Classes IV–V	USD 700 per month

Continued non-payment may result in:

- Suspension of license
- Regulatory enforcement action
- Revocation of license

7. Required Documentation

Applicants must submit:

7.1 Corporate & Legal Documents

- Certificate of incorporation
- Constitutional documents
- Certificate of good standing (if available)

7.2 Ownership & Governance

- Shareholding and beneficial ownership structure
- Board composition and management details
- Fit & Proper declarations

7.3 Financial & Actuarial Information

- Capital adequacy evidence. Capital: Minimum $250,000

- Financial projections (3–5 years)
- Actuarial feasibility or solvency report (where applicable)

7.4 Operational Framework

- Business plan and underwriting strategy
- Risk management framework
- Reinsurance arrangements (if applicable)

8. Ongoing Compliance Obligations

Licensed insurers must:

- Maintain minimum solvency and capital levels
- Submit periodic financial and actuarial reports
- Notify the Authority of material changes
- Submit to audits and regulatory inspections

9. Enforcement & Regulatory Powers

The Authority reserves the right to:

- Conduct investigations and examinations
- Impose administrative penalties
- Require corrective actions
- Suspend or revoke licenses for non-compliance

10. Confidentiality & Data Protection

All applicant and licensee information is treated as confidential and protected under applicable financial services and data protection laws, except where disclosure is required by law.

11. Applicant Rights & Responsibilities

Rights

- Fair and impartial review
- Confidential handling of submissions
- Right to appeal regulatory decisions

Responsibilities

- Accuracy and completeness of disclosures
- Timely fee payment
- Ongoing regulatory cooperation

End of Handbook