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**EXTRAORDINARY**

**The Government of the Republic of Liberia announces that the Central Bank of Liberia (CBL), pursuant to its mandate under the New Insurance Act of 2013, specifically Section 6.5 of the Act has issued on MAY 17, 2016, Regulation No. CBL/RSD/INS/009/2016 Amending CBL/RSD/INS/001/2015 herein under:**

**REGULATION  
CONCERNING NEW CAPITAL REQUIREMENTS FOR INSURANCE  
COMPANIES OPERATING IN LIBERIA**

**BY ORDER OF THE PRESIDENT**

**MARJON V. KAMARA  
MINISTER OF FOREIGN AFFAIRS**

**MINISTRY OF FOREIGN AFFAIRS  
MONROVIA, LIBERIA**

**MAY 17, 2016**

## **1.0 Introduction**

Pursuant to its authority under Section 6.5 of the new Insurance Act of 2013, the Central Bank of Liberia (CBL) hereby prescribes and sets forth as follows:

- 1.1 The new minimum capital requirement for each class of insurance business in Liberia shall be as follows:
  - i) General Insurance Business US\$1,500,000.00;
  - ii) Life Insurance Business US\$750,000.00; and
  - iii) Re-insurance Business US\$5,000,000.00.
- 1.2 Minimum capital requirement as used in the regulation shall mean the same as paid in/paid-up capital for all new companies.
- 1.3 Each operating insurance company shall be required to maintain the minimum requirements prescribed above at all times. Each insurance company shall be further required to meet additional capital requirement based on other prudential consideration, such as the solvency ratio and/or the risk profile of the insurance as may be determined by the CBL from the time to time.

## **2.0 General Insurance Business**

- 2.1 Every existing general insurance company whose minimum unimpaired capital is equal to or below US\$450,000.00 (Four Hundred Fifty Thousand United States Dollars), the current minimum capital requirement, at the time of the issuance of this regulation is hereby required to increase said capital to not less than US\$500,000.00 (Five Hundred Thousand United States Dollars) by end of December 2016, in accordance with the following schedules:
  - i) Third Quarter (July 1- September 30, 2016) - not less than US\$475,000.00 (Four Hundred Seventy-Five Thousand United States Dollars); and
  - ii) Fourth Quarter (October 1-December 30, 2016) - not less than US\$500,000.00 (Five Hundred Thousand United States Dollars).
- 2.2 Every existing general insurance company shall increase its minimum unimpaired capital to not less than US\$867,500.00 (Eight Hundred Sixty-Seven Thousand Five Hundred United States Dollars) by end of December 2017, in accordance with the following schedules:

- i) First Quarter (January 1-March 31, 2017) - not less than US\$591,875.00 (Five Hundred Ninety-One Thousand Eight Hundred and Seventy-Five United States Dollars);
  - ii) Second Quarter (April 1 – June 30, 2017) - not less than US\$683,750.00 (Six Hundred Eighty-Three Thousand Seven Hundred and Fifty United States Dollars);
  - iii) Third Quarter (July 1 – September 30, 2017) - not less than US\$775,625.00 (Seven Hundred Seventy-Five Thousand Six Hundred and Twenty Five United States Dollars); and
  - iv) Fourth Quarter (October – December, 2017) - not less than US\$867,500.00 (Eight Hundred Sixty-Seven Thousand Five Hundred United States Dollars).
- 2.3 Every general insurance company shall increase its minimum unimpaired capital to not less than US\$1,500,000.00 (One Million Five Hundred Thousand United States Dollars) by end of December 2018, in accordance with the following schedules:
- i) First Quarter (January-March, 2018) - not less than US\$1,025,625.00 (One Million Twenty Five Thousand Six Hundred and Twenty Five United States Dollars);
  - ii) Second Quarter (April 1 – June 30, 2018) - not less than US\$1,183,750.00 (One Million One Hundred Eighty-Three Thousand Seven Hundred and Fifty United States Dollars);
  - iii) Third Quarter (July 1 – September 30, 2018) - not less than US\$1,341,875.00 (One Million Three Hundred Forty-One Thousand Eight Hundred and Seventy-Five United States Dollars); and
  - iv) Fourth Quarter (October 1 –December 31, 2018) - not less than US\$1,500,000.00 (One Million Five Hundred Thousand United States Dollars).

### **3.0 Life Insurance Business**

- 3.1 Every existing life insurance company whose minimum unimpaired capital is equal to or below US\$300,000.00 (Three Hundred Thousand United States Dollars), the current minimum capital requirement, at the time of the issuance of this regulation is hereby required to increase said capital to not less than

US\$350,000.00 (Three Hundred Fifty Thousand United States Dollars) by end of December 2016, in accordance with the following schedules:

- (i) Third Quarter (July 1-September 30, 2016) - not less than US\$325,000.00 (Three Hundred Twenty-Five Thousand United States Dollars); and
- (ii) Fourth Quarter (October 1-December 31, 2016) - not less than US\$350,000.00 (Three Hundred Fifty Thousand United States Dollars).

3.2 Every existing life insurance company shall increase its minimum unimpaired capital requirement to not less than US\$450,000.00 (Four Hundred Fifty Thousand United States Dollars) by end of December 2017, in accordance with the following schedules:

- (i) First Quarter (January 1-March 31, 2017) - not less than US\$375,000.00 (Three Hundred Seventy-Five Thousand United States Dollars);
- (ii) Second Quarter (April 1-June 30, 2017) - not less than US\$400,000.00 (Four Hundred Thousand United States Dollars);
- (iii) Third Quarter (July 1-September 30, 2017) - not less than US\$425,000.00 (Four Hundred Twenty-Five Thousand United States Dollars); and
- (iv) Fourth Quarter (October 1-December 31, 2017) - not less than US\$450,000 (Four Hundred Fifty Thousand United States Dollars).

3.3 Every existing life insurance company shall increase its minimum unimpaired capital requirement to not less than US\$750,000.00 (Seven Hundred Fifty Thousand United States Dollars) by end of December 2018, in accordance with the following schedules:

- (i) First Quarter (January 1-March 31, 2018) - not less than US\$525,000.00 (Five Hundred Twenty-Five Thousand United States Dollars);
- (ii) Second Quarter (April-June, 2018) - not less than US\$600,000.00 (Six Hundred Thousand United States Dollars);
- (iii) Third Quarter (July 1-September 30, 2018) - not less than US\$675,000.00 (Six Hundred Seventy-Five Thousand United States Dollars); and
- (iv) Fourth Quarter (October 1-December 30, 2018) - not less than US\$750,000 (Seven Hundred Fifty Thousand United States Dollars).

4.0 The minimum capital requirement for any new general insurance company in 2016 shall be US\$500,000.00 (Five Hundred Thousand United States Dollars);

in 2017, US\$867,500.00(Eight Hundred Sixty Seven Thousand Five Hundred United State Dollars; and in 2018, US\$1,500,000.00(One Million Five Hundred Thousand United State Dollars. For new life insurance company, the minimum capital requirement shall be US\$350,000.00(Three Hundred Fifty thousand United State Dollar) In 2016; in 2017, US\$450,000.00(Four Hundred Fifty Thousand United State Dollar; and in 2018, US\$750,000.00(Seven Hundred Fifty Thousand United States Dollars).

5.0 The minimum capital requirement for Reinsurance Company shall be US\$5 million which shall be paid prior to the granting of license.

#### **6.0 Capital Requirement Computation**

The components of the capital requirement and computation of capital shall be based on the audited financial statements of the individual insurance company and prudential requirements, as may be prescribed by the CBL from time-to-time.

#### **7.0 Equity Participation for Liberians**

Every company shall be required to maintain a minimum of 30% Liberian participation in its shareholding and/or ownership structure at all times.

#### **8.0 Separation of Insurance Business**

Every existing insurance company currently carrying out composite insurance business is hereby required to separate its classes of insurance business within one year, from January 1, 2017 to December 31, 2017 in keeping with the guidance on separation of insurance businesses issued by the central bank of Liberia. By September 30, 2016, each existing company shall communicate to the CBL its decision as to which class(es) of insurance business(es) it shall be licensed to operate. At the same end of one year, the company that has decided to do general business shall be required to dispose of its unexpired life businesses in keeping with directive of the Central Bank.

This Regulation shall take effect from April 1, 2016 until otherwise advised by the CBL.

**BY ORDER OF THE PRESIDENT**

**MARJON V. KAMARA  
MINISTER OF FOREIGN AFFAIRS**

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