



The Government of the Republic of the Union of Myanmar
Ministry of Planning and Finance
Financial Regulatory Department
Office No. 34, Nay Pyi Taw

Date: 18th January 2019

Dear All,

INVITATION LETTER FOR EXPRESSION OF INTEREST (EOI) TO FORM JOINT VENTURE TO CARRY ON LIFE INSURANCE BUSINESS IN MYANMAR

The Government of the Republic of the Union of Myanmar (“the Union Government” or “the Government”) has started the process of reform in the insurance sector by granting licences to local insurers since 2013. Since then, there has been a number of local insurers and foreign representative offices established. In order to increase foreign investment contribution towards the economic development of the Country, the Government is currently opening the insurance sector for further liberalization.

The Ministry of Planning and Finance (“MoPF”), facilitated through the Financial Regulatory Department (“FRD”), is pleased to invite local life insurers (“Applicant” or “you”) to express interest in forming a joint venture (“JV”) with a foreign insurer (“foreign JV partner”) by responding according to instructions set out in Annex A. The foreign JV partner is required to have a local representative office registered for life/composite insurance business as at 31 December 2018 in order to be eligible to form a JV with local life insurers. This invitation letter and its Annexes (collectively, the “Invitation”) sets forth, amongst others, the process for the expression of interest.

This Invitation is strictly only applicable to an Applicant who intends to form a JV with a foreign JV partner. The MoPF only permits 1 local life insurer to partner exclusively with 1 foreign life/composite insurer JV partner, and vice versa. Both the Applicant and foreign JV partner (if identified) are permitted to respond to only **one** Invitation and to participate in only **one** EOI at any point in time.

By submitting your response to this Invitation, you agree to be bound by the binding terms stated within this Invitation. Upon receipt of your response, the MoPF will evaluate your response and may reach out to you if we have any questions.

You may seek clarifications no later than 28 January 2019 (1730 hours local time). Clarifications shall be emailed to frd34.sg@sg.pwc.com, following the instructions set out in Annex A, Section V.

Yours Sincerely,

U Zaw Naing
Director General
Financial Regulatory Department
Ministry of Planning and Finance, Building No 34, Nay Pyi Taw, Myanmar



ANNEX A

Instructions to Applicants

I. Introduction

In accordance with the Myanmar Insurance Sector Liberalization Roadmap which was approved by the Union Government, the objectives for the insurance liberalization include:

1. Strengthening the insurance sector and achieving a well - structured competitive insurance sector where quality and competitively priced products from established and reliable insurers are available to the individual citizens and corporates;
2. Attracting investment and support for Myanmar's greater integration with the global economy; and
3. Building up the capacity and capabilities in Myanmar's insurance sector.

Local composite insurers have been mandated to split their licenses by forming separate legal entities for life and non-life business by 31 December 2018. Following from the announcement made by the MoPF on 2 January 2019 under the Announcement No.1/2019, all local insurers, including local composite insurers that have successfully split their operations into life and non-life insurance entities, can now enter into joint ventures with foreign insurers. The permitted percentage shareholding for foreign insurers in each joint venture has now been set to maximum of 35%.

II. Required Submissions

Applicants who wish to form a JV with a foreign JV partner are to submit a signed and completed EOI Form ("Form") provided in Annex B.

Applicants are to submit:

1. One original and two copies of the duly signed and completed Form*; and
2. One soft copy of the completed Form in Microsoft Word format (to be provided in a CD-ROM)

All Forms must be submitted in sealed envelopes. Forms sent by e-mail will be rejected by MoPF.

*In the case of local insurers that wish to form a JV with an eligible foreign insurer (who have a local representative office registered for life/composite insurance business as at 31 December 2018) but have not identified the foreign insurer or entered into exclusive negotiations, the local insurer must:(i) submit the Form with the relevant information in Section I duly completed by 11 February 2019, 1200 hours local time; and (ii) submit a complete Form with the remainder of the sections duly completed by 26 April 2019, 1200 hours local time.

The completed Form should be submitted to:

Address:

Director General

Financial Regulatory Department

Ministry of Planning and Finance

Building No 34, Level 2

Ministry Zone

Nay Pyi Taw, Myanmar

Subject line to be labelled on the submission envelope:

Submission of EOI To Form Joint Venture To Carry Out Life Insurance Business In Myanmar

III. Indicative Timeline

<u>Event</u>	<u>Indicative Dates</u>
Issuance of Invitation	18 January 2019
Cut-off time for request of clarifications by Applicant	28 January 2019, 1730 hours local time
Submission of the Form	11 February 2019, 1200 hours local time
Follow up submission of completed Form (for Applicants who subsequently seek to form a joint venture with eligible foreign life insurers (who have a local representative office registered for life/composite insurance business as at 31 December 2018) including eligible insurers that applied for but were not selected for the 100% foreign insurer licence).	26 April 2019, 1200 hours local time
Evaluation of the Form	26 April 2019 to 17 May 2019
Announcement of shortlisted Applicants	17 May 2019

IV. Language

All submissions and correspondences shall be in English language.

V. Request for Clarification

MoPF requires a structured format to facilitate the processing of Applicant clarifications and ensure a robust audit trail. Applicants are requested to submit any request for clarification to the email address (frd34.sg@sg.pwc.com), in the form set out in the Schedule to Annex A below. At its discretion but subject to the principle that equality of information will be applied to all Applicants, MoPF may answer or decline to answer any question raised by an Applicant. Requests for clarification received from other sources will not be considered.

Where an Applicant believes that the matter being raised should be treated in confidence as being specific to the proposal it is submitting, it must clearly state this in its request. If MoPF, in its sole discretion, considers that the question can properly be regarded as confidential or commercially sensitive, then the question and its response shall be kept confidential. If, however, MoPF, in its sole discretion, considers that it would be inappropriate to answer the question on a confidential basis, MoPF shall notify the Applicant and afford the Applicant with an opportunity to withdraw the question.

If the Applicant, within five (5) Business Days* of such notification, does not withdraw the question, the question and response may be released to all Applicants.

Confidentiality requirements are to be observed for all information. MoPF will undertake to process requests for clarification as soon as reasonably possible. All requests for clarification are to be submitted before the clarification cut-off date of 28 January 2019, before 1730 hours local time.

*Business Day means any day excluding a Saturday, Sunday and any other day which is a legal holiday in the Union of Republic of Myanmar or on a day on which banking institutions are authorised or required by law or other governmental action to be closed in Myanmar.

VI. Evaluation Process and Results

MoPF together with an established licensing committee and MoPF's appointed consultants will evaluate the responses. Shortlisted Applicants will be offered the opportunity to submit a more detailed proposal for JV ("Request For Proposal" or "RFP"), which may lead to approval of the said JV if successful.

Please note that the final decision making authority lies with the MoPF in its sole and absolute discretion. The MoPF is not obliged to award any licence to carry on insurance business in Myanmar to any Applicants which fail to meet the eligibility criteria or are disqualified. The MoPF will ensure that all Applicants are duly notified of their results.

VII. Binding Terms

1. Provision of true and complete information

Under Chapter VIII, Section 17 (i) of the Insurance Business Law, any failure to disclose or concealment of material facts in applying for business licence may result in the cancellation of the business licence of the insurer or insurance broker by the Insurance Business Regulatory Board. In addition, the MoPF reserves the right to disqualify any Applicant or foreign JV partner that has provided any information that is not true, accurate and/or complete.

2. Changes to information provided

If there are any changes to the information furnished in the Form subsequent to the submission, the Applicant should immediately notify the MoPF.

3. Governing Law

This Invitation shall be governed by, and construed in accordance with the laws of Myanmar.

SCHEDULE TO ANNEX A – CLARIFICATION QUESTION(S)

1. All clarification questions must be properly identified by the Applicant's Name and date of clarification question as follows:

Application Type:	EOI To Form Joint Venture To Carry Out Life Insurance Business In Myanmar
Date:	
Applicant Name:	
Applicant Email address:	

2. For clarification question(s) and comment(s) on the Sections and its Appendices:

Sr. No.	Topic	Invitation Document reference no.	Clarification question / Comment
1.		[Indicate Annex/ Section no./Question no.]	
2.		[Indicate Annex/ Section no./Question no.]	

3. List the serial number of clarification question(s) and comment(s) that should be treated in confidence.



**ANNEX B
EOI Form (“Form”)**

**EXPRESSION OF INTEREST (EOI)
TO FORM JOINT VENTURE TO CARRY ON LIFE INSURANCE BUSINESS
IN MYANMAR**

EXPLANATORY NOTES

1. It is important to read the details stated in the Annex A before completing this Form.
2. Please read the explanatory notes and questions carefully before completing and lodging your responses with the MoPF.
3. All questions are required to be answered. If a question is not applicable, please mark “N.A.” in the space provided.
4. Please tick the relevant box(es), where appropriate.
5. If more space is required for your responses, the Applicant should submit an attachment with the additional responses. Please clearly indicate which question the responses are for.
6. Applicants who do not have a foreign JV partner at the time of submission of this Form but wish to explore a JV with eligible foreign insurers (who have a local representative office registered for life/composite insurance business as at 31 December 2018), including those who applied for but were not selected for the 100% foreign life insurer licence, must (i) submit this Form with the relevant information in Section I duly completed by 11 February 2019, 1200 hours local time; and (ii) submit a complete Form with the remainder of the sections duly completed by 26 April 2019, 1200 hours local time.

SECTION I: BASIC INFORMATION

1. Provide the name, designation and contact details of the authorised contact person who can act on behalf of the Applicant on all matters relating to the application. The Applicant accepts responsibility for all the submissions and representations that will be made by this authorised contact person.

Name: (in Block Letters and underline surname)			
Designation:			
Telephone:			
Email:			

2. Provide details of the Applicant
Note: The Applicant should be the local life insurer.

Name: (Company Name)			
Address:			
Telephone:		Fax:	
Country of Incorporation:			
Date of Incorporation:			
Company Registration No.:			
Website Address:			

3. Details of the foreign JV partner
Note: The foreign JV partner should be the designated entity within the foreign insurer's Group that will enter into the JV with the Applicant.

Name: (Company Name)			
Address:			
Telephone:		Fax:	
Country of Incorporation:			
Date of Incorporation:			
Company Registration No.:			

Website Address:	
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4. State whether any inspection/on site review has been conducted on the foreign JV partner by the insurance supervisory authority in its country for the last 5 financial years. If so, please provide the inspection/on site review report(s). State the corrective or risk mitigating measures in response to identified deficiencies and whether the deficiencies have now been resolved.
5. State any restrictions on the foreign JV partner imposed by the insurance supervisory authority or any other regulatory authorities/ government agencies in its jurisdiction on anything that may impact this EOI.
6. Submission of this Form and declaration.

Note: This Form should be submitted by the CEO or a representative of the Board of Directors of the Applicant and of the foreign JV partner's Group, who should attest that the information submitted is true to the best of his knowledge.

Declaration by the Applicant

I hereby declare that all information given in this Form (including any appendices attached) is true and complete to the best of my knowledge and belief. I understand that any misrepresentation or omission of material facts may be grounds for the rejection of this Form and further applications for approval of the joint venture. I understand that I may be required to furnish additional information relating to this expression of interest upon request by the MoPF.

Signature:

Name:

Designation:

Date (DD/MM/YY):

Declaration by the foreign JV partner

I hereby declare that all information given in this Form (including any appendices attached) is true and complete to the best of my knowledge and belief. I understand that any misrepresentation or omission of material facts may be grounds for the rejection of this Form, disqualification of the foreign JV partner and further applications for approval of the joint venture. I understand that I may be required to furnish additional information relating to this expression of interest upon request by the MoPF.

Signature:

Name:

Designation:

Date (DD/MM/YY):

SECTION II: DOCUMENTS TO BE SUBMITTED

The following documents are to be submitted along with this application.

1. A certified true copy of the licence issued by the insurance supervisory authority in the country where the foreign JV partner is carrying on insurance business.

Note: A certified English translation is required for any document which is not in English. The document may be certified "true copy" by the insurance supervisory authority in the relevant country or an external legal counsel.

SECTION III: INFORMATION ON GLOBAL OPERATIONS OF THE FOREIGN JV PARTNER

1. Provide a brief description of the business activities of the foreign JV partner and its Group, including a description of the strengths that the Group has in insurance areas, both globally and regionally.
2. Provide details on the structure of the foreign JV partner and its Group, including but not limited to the immediate/ultimate parent company as well as related corporations. Give details of the international network of branches, subsidiaries, representative offices, joint ventures and any special purpose vehicles that have been set up (including names, business activities, country of incorporation/ location and effective percentage interest owned by the ultimate parent company for each entity in the Group). Also provide an organisation chart of the structure (and reporting channels) of the Group.
3. Provide details as to whether the intended foreign JV partner has entered into JV in the past and the experiences arising from the previous track records/experiences.
4. State whether the foreign JV partner will be able to individually meet the existing capital requirements, i.e. injection of MMK 6 billion as set out in the Myanmar Insurance Business Law for life insurance business. Also provide the sources for meeting the initial capital requirements, and future capital needs.
5. State the estimated amount of equity contribution by the foreign JV partner to the JV (in USD denomination).
6. Provide information on the financial position and performance of the foreign JV partner and its Group for the last 3 audited financial years, by completing the table in Appendix 1. Further provide (a) the audited set of financial statements of the foreign JV partner and its Group for the last 3 financial years and (b) the most up-to-date set of management accounts, even if unaudited.
7. Provide, for each of the last 3 years, the foreign JV partner and its Group's highest and lowest financial strength ratings or equivalent, together with any rating reports, from the following rating agencies, where available:
 1. Standard & Poor's;
 2. A.M. Best;
 3. Moody's;
 4. Fitch;
 5. Other rating agencies (please specify).

8. Provide information on the Applicant's ultimate beneficial owner, as well as any direct and indirect substantial shareholder(s) with more than 5% effective shareholding.

S/N	Name of shareholder (Natural person/Entity)	Direct/Indirect	Nationality/Country of incorporation	Percentage of effective shareholding
1				

Where any of the above shareholders holds shareholdings in other local Myanmar insurers, provide the following information:

S/N	Name of shareholder (Natural person/Entity)	Direct/Indirect	Name of local Myanmar insurer	Percentage of effective shareholding
1				

9. Provide information on the foreign JV partner's ultimate beneficial owner, direct and indirect substantial shareholder(s) with more than 5% effective shareholding.

S/N	Name of shareholder (Natural person/Entity)	Direct/Indirect	Nationality/Country of incorporation	Percentage of effective shareholding
1				

10. Please declare if the foreign JV partner and its Group has in the past 10 years:
If the answer to any of the following questions is "Yes", please attach appendices and supporting documents, where appropriate, to provide all relevant particulars.

	<u>Yes</u>	<u>No</u>
a. been issued a prohibition order under any legislation administered by any Myanmar government bodies or been prohibited from operating in any jurisdiction by any financial services regulatory authority?	<input type="checkbox"/>	<input type="checkbox"/>
b. been censured, disciplined, suspended or refused membership or registration by any regulatory authority, an operator of an organised market or clearing facility, any professional body or government agency, whether in Myanmar or elsewhere?	<input type="checkbox"/>	<input type="checkbox"/>
c. been the subject of any proceedings of a disciplinary or criminal nature or been notified of any potential proceedings or of any investigation which might lead to those proceedings, under any law in any jurisdiction?	<input type="checkbox"/>	<input type="checkbox"/>
d. had any judgment (in particular that associated with a finding of fraud, misrepresentation or dishonesty) entered against it or him/her in any civil proceedings or is a party to any pending proceedings which may lead to such a judgment, under any law in any jurisdiction?	<input type="checkbox"/>	<input type="checkbox"/>
e. accepted civil liability for fraud, misrepresentation or dishonesty under any law in any jurisdiction?	<input type="checkbox"/>	<input type="checkbox"/>

SECTION IV: INFORMATION ON PROPOSED MYANMAR OPERATIONS

1. Give an overview of how the JV will benefit the Myanmar economy and its insurance industry, and how the proposed benefit (s) can be realised. (Note: Applicant is, at the minimum, expected to align responses to the objectives set out under Annex A).
2. Provide a list of any proposed areas of operation to be covered by the JV.

Areas with >75% of Townships classified under Zone 1 (Less Developed Regions) ¹	All other areas
<input type="checkbox"/> Kachin State <input type="checkbox"/> Sagaing Region <input type="checkbox"/> Chin State <input type="checkbox"/> Kayah State <input type="checkbox"/> Kayin State <input type="checkbox"/> Rakhine State	<input type="checkbox"/> Taninthayi Region <input type="checkbox"/> Bago Region <input type="checkbox"/> Magway Region <input type="checkbox"/> Mandalay Region <input type="checkbox"/> Mon State <input type="checkbox"/> Yangon Region <input type="checkbox"/> Shan State <input type="checkbox"/> Ayeyawady Region <input type="checkbox"/> Union Territories

¹ Source of reference: Notification No. 10 / 2017 issued by the Myanmar Investment Commission, The Republic of the Union of Myanmar on the designation of development zone.

3. Please provide a high level summary of the life insurance products that will be offered by the JV in Myanmar:

Types of life insurance products	_____ _____ _____
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4. Provide details on the envisaged product distribution channels of the JV:

Government approved product distribution channels	<input type="checkbox"/> Direct employees/Sales representatives <input type="checkbox"/> Agents <input type="checkbox"/> Brokers (Pipeline) <input type="checkbox"/> Bancassurance (Pipeline) <input type="checkbox"/> Online (Pipeline)
Potential product distribution channels	Suggestions on distribution channels not listed above (please specify below): _____ _____ _____

5. Describe how the corporate governance/reporting structure will be for the (a) the proposed Board of Directors and (b) the following functions, where applicable within the JV:

1. Internal audit;
2. Actuarial;
3. Ethics/compliance; and
4. Risk management

The Applicant should also describe the corporate governance/reporting structure for (a) remuneration and (b) nomination committees where applicable.

6. For the Applicant, describe how any material events will be reported to the MoPF following the formation of the JV. For the purpose of this question, material events are defined as any event that is likely to have a severe and widespread impact on the insurer's operations or materially impacts the insurer's service to its customers, or any breach of security and/or confidentiality of the customer confidential information.

FINANCIAL POSITION AND PERFORMANCE INDICATORS

Foreign JV Partner:

Financial Year End:

Year	20xx	20xx	20xx
Currency	USD ('000)	USD ('000)	USD ('000)
<u>Capital and Assets</u>			
Paid up capital			
Shareholders' equity			
Total assets			
<u>Income</u>			
Gross premiums written			
Net premiums written			
<u>Profitability</u>			
Total claims			
Total expenses			
Net investment income			
Net income/ (loss) after tax			

Group:

Financial Year End:

Year	20xx	20xx	20xx
Currency	USD ('000)	USD ('000)	USD ('000)
<u>Capital and Assets</u>			
Paid up capital			
Shareholders' equity			
Total assets			
<u>Income</u>			
Gross premiums written			
Net premiums written			
<u>Profitability</u>			
Total claims			
Total expenses			
Net investment income			
Net income/ (loss) after tax			