



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: 4th February 2019

Dear Sir,

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

Responses to Request For Clarification (RFC) No. 01

- 1 We refer to the abovementioned EOI and append our Responses to the Request For Clarification (RFC) No. 01 for your information.
- 2 Please refer to Appendix 1 for the list of clarifications requested by the Applicants and potential foreign JV partners, as well as the Ministry of Planning and Finance's ("MoPF") replies.
- 3 MoPF's replies to the list of clarifications should be taken into consideration in your submission. All terms and conditions in the Invitation Letter for the above mentioned EOI remain unchanged.
- 4 The initial submission closing date and time will remain as **11th February 2019 at 1200 hours local time.**
- 5 The follow up submission closing date and time will remain as **26th April 2019 at 1200 hours local time.**

Yours sincerely,

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

RFCs FROM APPLICANTS, POTENTIAL FOREIGN JV PARTNERS AND MoPF’S REPLIES

Note: This list does not include clarifications that have been indicated to be treated in confidence by the Applicants.

Category A: General Information

Sr. No.	Invitation Document Reference No.	Clarifications Requested By The Applicants	MoPF’s Reply To Applicants
1.	Annex B, Section I, Question 1	Please clarify if the authorised contact person (the details of which are required to be filled under question no. 1 of Section I) and the representative of the board of directors of the Applicant (who will sign and submit the form and declaration under question no. 6 of Section 1) should be the same person.	The authorised contact person does not need to be the same person as the signor of the Form under Question 6 of Section I.
2.	Annex B, Section I, Question 6	If a representative of the board of directors of the Applicant and/or foreign JV partner is signing the form, please clarify if a copy of the board resolution or other similar appointment document authorizing the representative of the board of directors to sign the form is required to be furnished along with the application.	<p>If a representative of the board of directors of the Applicant and/or foreign JV partner is signing the form, a copy of the board resolution or other similar appointment document authorizing the representative of the board of directors to sign the form is required to be furnished along with the application.</p> <p>A duly notarised and legalised Power of Attorney can be submitted to prove the authority of the signor.</p> <p>Applicant may also show from its Memorandum & Articles of Association or constitution that authority has been conferred on officers of the company, and then show evidence that the signor has been appointed to that particular office in the company.</p>

RFCs FROM APPLICANTS, POTENTIAL FOREIGN JV PARTNERS AND MoPF'S REPLIES

Category A: General Information (cont'd)

Sr. No.	Invitation Document Reference No.	Clarifications Requested By The Applicants	MoPF's Reply To Applicants
3.	Annex B/ Section III/ Question 1,2,6,7	<p>As applicant needs to provide structure and International network of branches, subsidiaries, representative offices, joint ventures and any special purpose vehicles that have been set up of foreign JV partner and its Group, including but not limited to the immediate/ultimate parent company as well as related corporations, could you please clarify the scope of the word "its Group" "immediate/ultimate parent company" and "related corporations"?</p> <p>Moreover, does the applicant need to provide all these information of ultimate parent company which is in other business (not insurance)?</p>	<p>The Myanmar Companies Law 2017 provides the following definitions:-</p> <p>"Ultimate holding company", in relation to a body corporate, means a body corporate that is a holding company of the first-mentioned body corporate and is itself not a subsidiary of any body corporate.</p> <p>"Subsidiary" means</p> <p>(A) a company in which another company:</p> <p>(i) controls the composition of the board of the first-mentioned company;</p> <p>(ii) is in a position to exercise, or control the exercise of, more than one-half the maximum number of votes that can be exercised at a meeting of the first-mentioned company;</p> <p>(iii) holds more than one-half of the issued shares of the first-mentioned company, other than shares that carry no right to participate beyond a specified amount in a distribution of either profits or capital, or</p> <p>(iv) is entitled to receive more than one-half of every dividend paid on shares issued by the first-mentioned company, other than shares that carry no right to participate beyond a specified amount in a distribution of either profits or capital; and</p> <p>(B) a subsidiary of the first-mentioned company will also be a subsidiary of the second-mentioned company.</p>

RFCs FROM APPLICANTS, POTENTIAL FOREIGN JV PARTNERS AND MoPF'S REPLIES

Category A: General Information (cont'd)

Sr. No.	Invitation Document Reference No.	Clarifications Requested By The Applicants	MoPF's Reply To Applicants
			<p>"related body corporate" of a body corporate (which includes a company) means: (A) a holding company of the body corporate; (B) a subsidiary of the body corporate; or (C) a subsidiary of a holding company of the body corporate. "holding company" in relation to a body corporate, means a body corporate of which the first body corporate is a subsidiary.</p> <p>Yes, the Applicant needs to provide all the mentioned information of the ultimate parent company, even if it is in other business.</p>
4.	Annex B/ Section III/ Question 3	Does this refer to the past experience in cross-border joint venture or joint venture in their own country too?	Past experiences in cross-border joint venture and joint ventures in own countries are both acceptable.
5.	Annex B/ Section III/ Question 4	The question whether the foreign JV partner will be able to individually meet the existing capital requirement for the injection of MMK 6 billion, does this mean that the foreign JV partner has to at least inject their money into the joint venture at least MMK 6 billion? (meaning, is this the minimum requirement for their investment in the joint venture?)	<p>JVs must not breach the minimum capital requirement set out in the Myanmar Insurance Business Rules.</p> <p>In addition, JVs are subject to a maximum effective foreign shareholding limit of 35%.</p>

RFCs FROM APPLICANTS, POTENTIAL FOREIGN JV PARTNERS AND MoPF'S REPLIES

Category A: General Information (cont'd)

Sr. No.	Invitation Document Reference No.	Clarifications Requested By The Applicants	MoPF's Reply To Applicants
6.	Annex B. Section III. Information on Global Operations of The Foreign JV Partner. Part 8.	<p>In Part 8, it is stated that "Provide information on the Applicant's ultimate beneficial owner.....with more than 5% effective shareholding.</p> <p>When we calculate more than 5% effective shareholding for existing shareholders of local insurance company, does it before or after share dilution of foreign JV partner equity participation?</p>	For calculation of effective shareholding for existing shareholders of local insurance company, the Applicant should not consider share dilution due to equity participation by foreign JV partner. It should consider the existing shareholding.
7.	Annex A Section no. 5/Question no 3	If the question is to be withdrawn, MoPF will notify the applicant privately or publically?	If the question is to be withdrawn, MoPF will notify the applicant privately.
8.	Annex B, Section I, Question 4	If there are no requirements in the jurisdiction the foreign JV partner for the insurance supervisory authority of that jurisdiction to carry out inspection or on-site review on the foreign JV partner and instead the insurance supervisory authority of that jurisdiction advocates real time and forward looking monitoring system, please clarify if the applicant should indicate 'Not applicable' in response to this question no. 4 or would you require the foreign JV partner to provide any other information or document since the inspection / on site review report is not generated and hence not applicable.	If there is a "real time and forward looking monitoring system" in place of an inspection or on-site review on the foreign JV partner by the relevant insurance supervisory authority, please provide us with any identified deficiencies arising from such monitoring for the last 5 financial years. Also, state the corrective or risk mitigating measures in response to identified deficiencies and whether the deficiencies have now been resolved.

RFCs FROM APPLICANTS, POTENTIAL FOREIGN JV PARTNERS AND MoPF’S REPLIES

Category B: Split of Life and Non-Life Insurance License for Composite Local Insurers

Sr. No.	Invitation Document reference no.	Clarifications Requested by the Applicants	MoPF’s Reply to Applicants
1.	Para I (Introduction) to Annex A	The local insurer has already set up a new separate entity in Myanmar which will operate the life insurance business. However, this new life insurance entity is currently undergoing licensing process to operate as a life insurance business in Myanmar. In this regard, please clarify if this new life insurance entity can submit application to form joint venture to carry out life insurance business in Myanmar in its own name.	The local insurer should work on the basis that there will be two separate licenses (i.e 1 life and 1 non-life) that will eventually be issued to you prior to the RFP stage if you are successfully shortlisted post the EOI stage. In other words, if you are currently a composite insurer who has not received the split, you are entitled to submit two EOIs – 1 for the life insurance entity, and 1 for the non-life insurance entity.
2.	Annex B, Section I, Question 2	In connection with the clarification sought under Category B Sr. No. 1 above, kindly clarify if the details of the local life insurer should be the existing legal entity holding composite insurance license (i.e. both life and non-life insurance business license) or is the applicant expected to split its business between two entities, one for life insurance and other for non-life insurance, before 11 February 2019 in which case the details of the local life insurer to be inserted in the form should be the entity that is carrying out only life insurance business.	
3.	Annex A / Section I / last paragraph	As the local insurer is still in a process of splitting their business as required under the current law (in other words, it does not completely obtain the separate licenses for life and non-life insurance businesses), will there be an extension of time for submission of the EOI letter in such a case?	No extension of timeline will be given for the submission of the EOI letter.

RFCs FROM APPLICANTS, POTENTIAL FOREIGN JV PARTNERS AND MoPF’S REPLIES

Category B: Split of Life and Non-Life Insurance License for Composite Local Insurers (cont’d)

Sr. No.	Invitation Document reference no.	Clarifications Requested by the Applicants	MoPF’s Reply to Applicants
4.	Annex B / Section I / Question 2. Details of the Applicant	<p>By Directive 1/2018 dated 23 November 2018, the Insurance Business Regulatory Board instructed existing holders of a composite license for Life Insurance and Non-Life Insurance desirous of forming a joint venture with a foreign investor to establish two (2) separate entities and apply for two (2) separate licenses for life insurance business and non-life insurance business. [REDACTED] is in the process of obtaining such separate licenses in close coordination with the Insurance Business Regulatory Board.</p> <p>In respect of the EOI, kindly confirm that such should be submitted by the newly established entities, which are currently in process of obtaining the separate life insurance and non-life insurance business licenses.</p>	<p>The local insurer should work on the basis that there will be two separate licenses (i.e 1 life and 1 non-life) that will eventually be issued to you prior to the RFP stage if you are successfully shortlisted post the EOI stage. In other words, if you are currently a composite insurer who has not received the split, you are entitled to submit two EOIs – 1 for the life insurance entity, and 1 for the non-life insurance entity.</p>

RFCs FROM APPLICANTS, POTENTIAL FOREIGN JV PARTNERS AND MoPF'S REPLIES

Category C: Eligibility of a Foreign Joint Venture Partner

Sr. No.	Invitation Document reference no.	Clarifications Requested by the Applicants	MoPF's Reply to Applicants
1.	Cover letter, Indicative timeline, Annex B Explanatory Notes	<p>Shall the following potential foreign partner be regarded as "composite" and match the eligibility description stating "The foreign JV partner is required to have a local representative office registered for life/composite insurance business as at 31 December 2018"?</p> <p>An insurance company that set up representative office in Myanmar before 31.12.2018 and regarded as non-life representative office by FRD because composite operation of life and non-life is prohibited by the authorities in the home country therefore owns life subsidiaries under the same holding company and such structure of holding life and non-life is widely regarded as common and approved by the authorities in the home country.</p>	No. A non-life representative office will not be regarded as a composite representative office.
2.	Cover letter, Indicative timeline, Annex B Explanatory Notes	<p>Shall the following potential foreign partner below match the eligibility description stating "The foreign JV partner is required to have a local representative office registered for life/composite insurance business as at 31 December 2018"?</p> <p>An insurance company that is setting up the second representative office dedicated to forming a life-JV and the registration procedures is on-going, acknowledging lack of certainty to be eligible to form a life-JV in addition to a non-life-JV due to above eligibility description.</p>	No. The representative office must have been registered as at 31 December 2018.

RFCs FROM APPLICANTS, POTENTIAL FOREIGN JV PARTNERS AND MoPF'S REPLIES

Category C: Eligibility of a Foreign Joint Venture Partner (cont'd)

Sr. No.	Invitation Document reference no.	Clarifications Requested by the Applicants	MoPF's Reply to Applicants
3.	Invitation letter for EoI	<p>Is the following understanding correct?</p> <p>FRD would allow investment (JV partnership) through a company including a mezzanine holding company within the group that possesses an insurance company under which its representative office has been set up in Myanmar.</p>	<p>The MoPF will allow a foreign company which satisfies the following conditions to function as the foreign JV partner:-</p> <p>(i) the company has a local representative office registered for life/composite insurance as at 31 December 2018 <u>or</u> has a subsidiary (as defined in the Myanmar Companies Law 2017) with a local representative office registered for life/composite insurance as at 31 December 2018; and</p> <p>(ii) the company possesses a life/composite insurance licence <u>or</u> has a holding company (as defined in the Myanmar Companies Law 2017) with a life/composite insurance licence. There are no restrictions on the country issuing the life/composite insurance licence. However, an application based on life/composite insurance licence from a country with a less developed insurance market may be scored lower.</p>
4.	Annex B, Section I, Question 3	<p>Please clarify if the foreign JV partner should be the foreign company who has registered its representative office in Myanmar or can the foreign JV partner be an associate or related entity of the foreign company who has registered its representative office in Myanmar.</p>	<p>Please note that, in the event that an application is based on the life/composite insurance licence of a holding company of the intended foreign JV partner, a copy of the said life/composite insurance licence must be submitted together with the application for the Licensing Committee's review.</p>

RFCs FROM APPLICANTS, POTENTIAL FOREIGN JV PARTNERS AND MoPF'S REPLIES

Category C: Eligibility of a Foreign Joint Venture Partner (cont'd)

Sr. No.	Invitation Document reference no.	Clarifications Requested by the Applicants	MoPF's Reply to Applicants
5.	Annex B, Section I, Question 3	For the purposes of completing details of foreign JV partner under Question 3 of Section I, please clarify if these details to be provided should be of the representative office registered in Myanmar or of the foreign company whose representative office is registered in Myanmar.	For the purposes of completing details of foreign JV partner under Question 3 of Section I, this should be details of the foreign JV partner identified, and not the representative office. Refer to Category C Sr. No. 3 and 4 for more details on the foreign JV partner.
6.	Page 1, Paragraph 2/Question no. 1	Please clarify, if the foreign insurer who doesn't have the existing representative office registered for Life and non - life/composite insurance business as at Dec 31, 2018, Can submit the EOI for JV partner with the local insurer in case of the foreign insurer could register after Dec 31, 2018 ? Because some insurers awaited the official announcement for the liberalization but the official announcement issued on Jan 18 2019.	No. The representative office must have been registered as at 31 December 2018.

RFCs FROM APPLICANTS, POTENTIAL FOREIGN JV PARTNERS AND MoPF’S REPLIES

Category D: Structure of the Joint Venture

Sr. No.	Invitation Document reference no.	Clarifications Requested by the Applicants	MoPF’s Reply to Applicants
1.	Annex A / Section I / last paragraph	Regarding the permitted percentage shareholding for foreign insurers in each JV has been set to maximum of 35%, does this calculate base on effective holding? In avoidance of doubt, effective holding refers to both direct and indirect holding?	Yes, the percentage shareholding is calculated based on effective holding i.e. effective shareholding interest. It refers to both direct and indirect shareholding.
2.	Invitation letter	For the forms of the joint venture between the local insurer and foreign investor mentioning under the EOI/ invitation letter, could you please confirm if the joint venture could be formed either by way of: <ul style="list-style-type: none"> • Having the local insurer and the foreign investor jointly established the new company to conduct the insurance business; or • Having the foreign investor buying shares (with maximum limit of 35%) in the existing local insurer. 	The local insurer and the foreign JV partner are not allowed to form a JV by jointly establishing a new company to conduct the insurance business. MoPF’s preference is for joint ventures to be formed by the foreign JV partner subscribing for new shares in the Applicant. More details will be released to shortlisted Applicants during the RFP phase. Regardless, JVs must not breach the minimum capital requirement set out in the Myanmar Insurance Business Rules.
3.	Invitation letter	If the joint venture under the EOI letter can be formed only by way of establishing the new company to operate the business, <ul style="list-style-type: none"> • Does it require that the local insurer must be the direct shareholder in the new company? • Can the local insurer invest in the new company through its holding company (which does not have the insurance license)? 	This question is not applicable as no new company can be established. Refer to the responses above under Category D (Sr. No. 2).
4.	Invitation letter	Can local life insurance company hold stake in local non-life company or vice versa?	This is not allowed.

RFCs FROM APPLICANTS, POTENTIAL FOREIGN JV PARTNERS AND MoPF'S REPLIES

Category D: Structure of the Joint Venture (cont'd)

Sr. No.	Invitation Document reference no.	Clarifications Requested by the Applicants	MoPF's Reply to Applicants
5.	Invitation letter	<p>Instead of invest directly in local operating life or non-life insurers, if foreign investors invest in a local Myanmar holding company (the "Holding Company", which means company with the purpose of being a financial investor and don't have operation) that holds stake in local life or non-life insurers</p> <ul style="list-style-type: none"> • Do foreign investors be allowed to invest in the Holding Company • Will the Holding Company be qualified to participate in the JV to carry on life or non-life insurance business in Myanmar 	<p>A foreign JV partner with a registered composite representative office as at 31 December 2018 may in exceptional circumstances be allowed to enter into a JV with a private local holding company for a local life insurer and a local non-life insurer. Apart from the foregoing scenario, foreign JV partners must invest directly in local operating life or non-life insurers.</p>
6.	Invitation letter	<p>Can local non-life company do a JV with foreign non-life insurance company with representative office and foreign life insurance company with representative office (3 parties)</p>	<p>No, as stated in paragraph 3 of the invitation letter, the MoPF only permits 1 local non-life insurer to exclusively partner with 1 foreign non-life/composite insurer JV partner, and vice versa.</p>

RFCs FROM APPLICANTS, POTENTIAL FOREIGN JV PARTNERS AND MoPF'S REPLIES

Category E: Required Submissions

Sr. No.	Invitation Document reference no.	Clarifications Requested by the Applicants	MoPF's Reply to Applicants
1.	Annex A / Section II / last paragraph	Does it mean submission of the form (11 February 2019, 1200 hours local time) is just Section I required while submission of completed form (26 April 2019, 1200 hours local time) is Section I – IV and appendix I required?	<p>Section I, Questions 1, 2 and 6 must be completed by the local insurer by 11 February 2019, 1200 hours local time. The remaining questions can be responded as "To be completed". Applicants must submit the Form with Section I in order to be considered for the final submission.</p> <p>As and when the Applicant already has a fully completed Form (completed Sections I to IV & Appendix 1), that is ready for submission, it may choose to do so any time before 26 April 2019, 1200 hours local time. It should be noted however that Applicants only has one chance to submit the full Form i.e. Section I - IV.</p>

RFCs FROM APPLICANTS, POTENTIAL FOREIGN JV PARTNERS AND MoPF'S REPLIES

Category E: Required Submissions (cont'd)

Sr. No.	Invitation Document reference no.	Clarifications Requested by the Applicants	MoPF's Reply to Applicants
2.	Para I (Introduction) to Annex A	<p>Para II states that if the local insurer has not identified a foreign insurer or entered into exclusive negotiations with the foreign insurer, the local insurer must submit the Form with the relevant information in Section I duly completed by 11 February 2019. In relation to this Para, could you please clarify:</p> <p>(a) whether it would suffice to complete the questions in Section I of the Form only in relation to the local insurer, i.e. questions 1, 2 and 6;</p> <p>(b) whether it would suffice to state "To be Completed" or "TBC" where information of the foreign JV partner is required in Section I i.e. in questions 3, 4, 5 and 6; and</p> <p>(c) whether it would suffice to state "To be Completed" or "TBC" in all the questions in Section II, Section III and Section IV of the Form.</p>	<p>(a) Yes.</p> <p>(b) Yes, please indicate "To be completed".</p> <p>(c) Yes, please indicate "To be completed".</p>

RFCs FROM APPLICANTS, POTENTIAL FOREIGN JV PARTNERS AND MoPF’S REPLIES

Category E: Required Submissions (cont’d)

Sr. No.	Invitation Document reference no.	Clarifications Requested by the Applicants	MoPF’s Reply to Applicants
3.	Section II, Question 1	If the foreign JV partner is able to provide an original certification of insurance license (in a letter form), signed by the insurance supervisory authority in the country of the foreign JV partner, is this sufficient for the purposes of complying with the requirements of Section II, question 1?	Yes, an original certification of insurance license (in a letter form), signed by the insurance supervisory authority in the country of the foreign JV partner, suffices for the purposes of complying with the requirements of Section II, Question 1.
4.	Section III, Question 4	Please clarify if the foreign JV partner is expected to provide supporting documents (such as a letter from its bank stating that the foreign JV partner has good financial standing or a copy of its bank statement etc.) in response to the question stated under this question no. 4 of Section III.	The provision of such supporting documents are not required at the EOI stage.
5.	Annex A, Section no. 3/Question no. 2	Please clarify, can the local insurer submit the EOI without any foreign insurer JV partner on Feb 11, 2019, and then follow up to submit with the foreign insurer JV partner on April 26, 2019?	Yes. As stated in the Annex A, Section II, "*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) (ii) submit a complete Form with the remainder of the sections duly completed by 26 April 2019, 1200 hours local time."

RFCs FROM APPLICANTS, POTENTIAL FOREIGN JV PARTNERS AND MoPF'S REPLIES

Category E: Required Submissions (cont'd)

Sr. No.	Invitation Document reference no.	Clarifications Requested by the Applicants	MoPF's Reply to Applicants
6.	Annex B. EOI Form Section I: Basic Information	<p>In Annex A (Instructions to Applicants), it is stated that “*In the case of local insurers..... (i) submit the Form with the relevant information in Section I duly completed by 11 February 2019, 1200 hours local time”.</p> <p>1. Please kindly clarify the following understanding is correct : for local life insurers, who haven't identified foreign partners, only need to submit Section I with information in only Part 1, Part 2 and Part 6 (only Declaration by the Applicant) but nothing more.</p> <p>2. If the above understanding is not correct, please kindly elaborate on the additional information/documents required.</p> <p>3. Does local life insurer require to provide notarized copies of company registration and valid insurance license granted by IBRB along with Section I submission?</p>	<p>1. Yes, this understanding is correct.</p> <p>2. Not applicable.</p> <p>3. Not required.</p>