

ANNEX A

In this Annex, as an entire form has been deleted and replaced by a new version, the deleted text is not shown. As the entire form consists of new text, the replacement text is not underlined.

Amend PFN Module VER2/265/10-04 as follows:

- 1) Delete the form entitled 'AUT3' in chapter 2 (AUT Forms).
- 2) Insert the updated version of AUT3 set out herein in its place.

Form AUT3 Application for Authorisation Insurance and Reinsurance

Name of Applicant/Authorised Firm

DFSA licence number (if applicable)

Firms are requested to contact the Customer Service Centre of the DIFC (+9714 330 1122) or the Authorisation Division of the DFSA (switchboard +9714 319 1800) before considering completing an application.

Purpose of this form

This form must be submitted by a Person applying for authorisation to conduct Insurance Business in or from the DIFC. An application must be submitted in relation to one or more Financial Services defined in the GEN module of the DFSA Rulebook.

This form has been designed to assist the DFSA in identifying the Financial Services for which authorisation is being sought and to understand how those activities will be carried on. The Applicant will need to satisfy the DFSA that, *inter alia*, sufficient financial resources, appropriate personnel, and adequate systems and internal controls have been developed in relation to the Financial Services to be carried on.

In some cases the DFSA may require additional information in order to complete the processing of this application. If this is necessary the DFSA will contact the individual identified in form AUT1 (Core Information) section 1.10.

Contents

This form consists of five sections:

1. General Information
2. Insurance & Reinsurance
3. Captive Insurer Information
4. Protected Cell Company Information
5. Declaration

Notes for completing this form

- All Applicants must complete Section 1 and Section 5.
- Unless otherwise specified, 'Applicant' refers to the entity for which authorisation is being sought.
- Defined terms are identified throughout this form by the capitalisation of the initial letter of a word or phrase and are defined in the Glossary module (GLO) of the DFSA Rulebook.
- Prior to completion of this form, the Applicant is strongly urged to read the guidelines in form AUT8 in order to ensure appropriate information is provided to the DFSA.
- Questions must be fully answered and the use of abbreviations should be avoided.
- Do not leave any questions blank – if a question is not applicable, this should be indicated in the response section.
- Answers must be typed and the form must be signed by a Director/Partner of the Applicant.
- Unless otherwise specified, in the case of applications made in respect of branches, the questions must be answered in the context of the Branch operations in the DIFC.

1 GENERAL INFORMATION

1.1 About the Applicant's Proposed Business

1.1.1 Please indicate the type of business activity the Applicant intends to conduct.

Tick as required.

- Insurance and/or reinsurance (please complete Section 2)
- Captive insurance (please complete Section 3)
- Protected cell company (please complete Section 4)

1.2 Professional Services

1.2.1 Does the Applicant intend to use an actuary? Yes No

If "YES" please provide details of the actuary:

- 1.2.2 Name of actuarial firm
- 1.2.3 Address
- 1.2.4 Contact person at actuarial firm
- 1.2.5 Contact details: Telephone
Fax
E-mail
- 1.2.6 If the actuary is a member of a professional association state which one.
- 1.2.7 Name of the individual who will oversee relationship with the actuary.
- 1.2.8 Has the actuarial firm already been appointed? If so, on what date?
- 1.2.9 What is the scope of the actuary's engagement?
- 1.2.10 How and why did the Applicant decide to appoint this particular actuarial firm?

1.2.11 Has the Applicant satisfied itself as to the professionalism, integrity and overall suitability of the actuarial firm to perform the functions that it has been engaged to perform? Yes No

Please attach details of any due diligence or research or any other information that was taken into consideration before making this appointment.

2 APPLICATION FOR AUTHORISATION: INSURANCE & REINSURANCE

Notes for completing this section

- An applicant wishing to conduct business as an Insurer or reinsurer within a conventional company structure should complete this section. An applicant wishing to conduct business as a Protected Cell Company should instead complete Section 4. An applicant wishing to conduct business as a captive Insurer should instead complete Section 3.
- To the extent that information on the business to be undertaken has been included in the business plan submitted in response to question 3.7 of the Core Information Form (AUT 1), it need not be repeated here.

2.1 Background

2.1.1 Explain below what experience, if any, the Applicant has in carrying on the proposed business either in Dubai or in other jurisdictions. If the business is/was regulated, state by which Financial Services Regulator. Note that if the Applicant is applying as a branch, details should also be provided about the Applicant's head office as well.



2.2 Business Profile

2.2.1 Provide an overview of the Financial Services that the Applicant intends to undertake.



Please attach a transaction process flowchart for the Financial Services that the Applicant intends to pursue identifying clients, counterparties, service providers and the flow of funds, assets and confirmations.

2.2.2 Describe any financial services approved, or to be approved, by other Financial Service Regulators including the status of that application.

A large rectangular grey box used to redact the response to question 2.2.2.

2.2.3 State the type of business (e.g. life or non-life), nature of business (e.g. direct or reinsurance) including each specific type of insurance products sold.

A large rectangular grey box used to redact the response to question 2.2.3.

2.2.4 Provide details of sources of the Insurance Business (e.g. insurance brokers, agent) including the percentage from each source, split by country. Please state whether any licences are required to accept the relevant business from these countries and, if so, whether the Applicant has obtained them.

A large rectangular grey box used to redact the response to question 2.2.4.

2.3 Customer Base

2.3.1 Describe in detail how the Applicant plans to obtain customers (e.g. by referral, marketing and advertising)

A large rectangular grey box used to redact the response to question 2.3.1.

2.3.2 Describe in detail the types of customers the Applicant intends to target, including the approximate size of the target customer base (e.g. institutional, related company, domestic/overseas).

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2.3.3 Describe in detail how the Applicant plans to derive income from its customer (e.g. premiums, commission, and interest).

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2.3.4 State whether the Applicant intends to provide services to customers who are individuals.

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2.4 Personnel and Internal Controls

2.4.1 Describe the Applicant's staffing levels providing the Financial Services.

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Please attach an organisational chart, with full descriptions of the responsibilities and authority of senior management. In addition, include descriptions of any Licensed Functions to be performed by the persons in the chart.

2.5 Business Policy

2.5.1 Please provide information on the Applicant's underwriting strategy, including systems and controls, levels of authority and details of any outsourcing arrangements not covered already.

A large rectangular grey box used to redact information related to the underwriting strategy.

2.5.2 Provide a description of the reinsurance, or retrocession, strategy, including:

- (a) a breakdown between quota and non-quota business;
- (b) details of the Applicant's maximum retention per risk or event after all reinsurance ceded, by principal category of business undertaken;
- (c) details of the principal reinsurers including name, address, country of incorporation and of any relationship with the Applicant or its Group;
- (d) specific details of any financial or other non-traditional reinsurance; and
- (e) internal systems and controls over the placing of reinsurance.

A large rectangular grey box used to redact information related to the reinsurance strategy.

Please attach copies of the principal reinsurance treaties.

2.5.3 Describe the Applicant's proposed investment strategy, including details of the diversification, currency and types of investment and the estimated proportion, which will be represented by each type of investment.

A large rectangular grey box used to redact information related to the proposed investment strategy.

2.5.4 State a rationale for the chosen investment methodology, with full details of any proposed use of derivatives or non-standard investments. Explain the Applicants approach to the use of derivatives, including its policy for effective portfolio management.

Examples of standard investments include:

- (a) Shares;
- (b) Debentures;
- (c) Derivatives;
- (d) Certificates representing certain securities; and
- (e) Units.



2.6 Business Financials

2.6.1 State the approximate breakdown of premium volume by product and location, and the bases for calculating premium rates.



2.6.2 Provide details of the policy for meeting the Applicant's capital adequacy requirements on a continuing basis. State what stress and scenario testing, if any, has been performed on the projections given in response to question 3.8 of the Core Information Form (AUT1).



2.6.3 Provide details of the current margin of solvency of the Applicant including the policy for meeting these requirements, and the methodology of each calculation. State what stress testing, if any, has been performed on these ratios.



2.6.4 Does any other jurisdiction in which the Applicant or its group operates require a calculation of solvency at the group level?

Yes

No

If "YES", **please attach** the most recent return made in that jurisdiction.

2.6.5 **Please attach** the following financial projections for each of the first three financial years after Licensing:

A forecast profit and loss account, split into income systems and include the following data:

- (a) worldwide premiums;
- (b) investment return; and
- (c) worldwide claims.

In addition, provide a list of assumptions to support these financial projects.

2.7 Additional Information

2.7.1 Please use this section to provide any information that may clarify or support your answers in Section 2.



2.8 Attachments

General details

Question	Document	Attached?
1.2.11	Details of due diligence, research or any other information taken into consideration before appointing an actuarial firm.	<input type="checkbox"/>
2.2	Transaction flowcharts (i.e. new customer business)	<input type="checkbox"/>
2.10	Organisation chart showing responsibilities of senior management	<input type="checkbox"/>
2.12	Draft/final of outward reinsurance treaties covering business to be written by the Applicant	<input type="checkbox"/>
2.17	Calculation of solvency at group level	<input type="checkbox"/>
2.19	Financial projections	<input type="checkbox"/>
<i>Other</i>	<i>Please list</i>	<input type="checkbox"/>

3 APPLICATION FOR AUTHORISATION: CAPTIVE INSURANCE COMPANY

Notes for completing this section

- This section should be completed by an applicant wishing to conduct business as a captive Insurer within a conventional company structure. An applicant wishing to conduct business as a Protected Cell Company should instead complete Section 4. An applicant wishing to conduct business as a non-captive Insurer should instead complete Section 2.
- In this section, the word “parent” means the Group, or in the case of a Class 3 Captive an association or similar body, whose members’ risks account for at least 80% of the Gross Written Premium of the Captive Insurer.
- To the extent that information on the business to be undertaken has been included in the business plan submitted in response to question 3.7 of the Core Information Form (AUT 1), it need not be repeated here.

3.1 General

3.1.1 Class of captive

- (a) Class 1
- (b) Class 2
- (c) Class 3

Please refer to the Glossary module (GLO) of the DFSA Rulebook for the definition of the above Captive Classes.

3.1.2 Please give details of the parents of the proposed Captive.

For a Class 1 or Class 2 Captive Insurer, list the Group members whose risks will be underwritten. For a Class 3 Captive owned by an association or other body corporate, give details of that body.

- (a) Name & Address
- (b) Name & Address
- (c) Name & Address

3.1.3 Explain the relationship among the parents. If they are members of a Group, **please attach** a group organisation chart. For a Class 3 Captive, explain the connection or common bond between the persons whose risks will be insured.

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3.1.4 Have any of the parent/s of the proposed Captive been associated with an application for a Cell, a Captive Insurer of any type, or any other form of self-insurance in any jurisdiction? If so, please give details.

3.1.5 **Please attach** the latest audited financial statements of each of the bodies listed in 3.2. Where these are members of a Group, **please also attach** the consolidated financial statements of the Group.

3.1.6 Will a firm of insurance managers be employed to run all or part of the business?

Yes No

If so, please give the firm's name, and ensure that the scope of their work has been covered in the response to questions 4.7- 4.11 of the Core Information Form (AUT 1).

3.2 Insurance Business

3.2.1 State the type of business (e.g. life or non-life), nature of business (e.g. direct or reinsurance), including each specific type of insurance product sold.

3.2.2 Provide details of sources of the Insurance Business including the percentage from each source, split by country.

[REDACTED]

3.2.3 Please state whether any licences are required to accept the relevant business from these countries and, if so, whether you have obtained them.

[REDACTED]

3.2.4 State the nature of the risks to be covered.

[REDACTED]

3.2.5 Please provide information on the applicant's underwriting strategy, including systems and controls, levels of authority and details of any outsourcing arrangements.

[REDACTED]

3.2.6 Please state the maximum gross premium income, which the Captive Insurer proposes to earn in respect of general business during the first financial year, less any rebates, refunds, reinsurance commission and reinsurance.

[REDACTED]

3.2.7 Provide a description of the reinsurance, or retrocession, strategy, including:

- (a) a breakdown between quota and non-quota business;
- (b) details of the maximum retention per risk or event after all reinsurance ceded, by principal category of business undertaken;
- (c) details of the principal reinsurers including name, address, country of incorporation and of any relationship with the shareholders;
- (d) specific details of any financial or other non-traditional reinsurance.



3.2.8 State a rationale for the chosen investment methodology, with full details of any proposed use of Derivatives or non-standard investments. Explain the Applicants approach to the use of derivatives, including its policy for effective portfolio management.

Examples of standard investments include:

- (a) Shares;
- (b) Debentures;
- (c) Derivatives;
- (d) Certificates representing certain securities; and
- (e) Units



3.2.9 Describe the proposed investment strategy, including details of the diversification, currency and types of investment and the estimated proportion which will be represented by each type of investment.



3.3 Business Financials

3.3.1 Please give an approximate breakdown of premium volume by product and location, and the bases for calculating premium rates.



3.3.2 Provide details of the policy for meeting the DFSA's capital adequacy requirements on a continuing basis. State what stress and scenario testing, if any, has been performed on the figures submitted in response to question 3.8 of the Core Information Form (AUT 1).



3.3.3 **Please attach** the following financial projections for each of the first three financial years after licensing:-

A forecast profit and loss account, split into income systems and including the following data:-

- (a) worldwide gross annual premiums broken down by line of coverage
- (b) worldwide net annual premiums broken down by line of coverage
- (c) investment returns; and
- (d) worldwide claims.

In addition, provide a list of assumptions to support these financial projections.

3.4 Additional Information

3.4.1 Please use this section to provide any information that may clarify or support your answers in Section 3.



3.5 ATTACHMENTS

General details

Question	Document	Attached?
1.2.11	Details of due diligence, research or any other information taken into consideration before appointing an actuarial firm.	<input type="checkbox"/>
3	Business plan	<input type="checkbox"/>
3.3	Group organisation chart and chain of connection regarding shares	<input type="checkbox"/>
3.5	Latest audited financial statements / consolidated Group financial statements	<input type="checkbox"/>
3.13	Principal draft / final reinsurance treaties	<input type="checkbox"/>
3.18	Financial projections	<input type="checkbox"/>
<i>Other</i>	<i>Please list</i>	<input type="checkbox"/>

4 Application for Authorisation: Protected Cell Company

Notes for completing this section

- An applicant wishing to conduct business as a Protected Cell Company (PCC) should complete this section. An applicant wishing to conduct business as a Captive Insurer within a conventional company structure should instead complete Section 3. An applicant wishing to conduct business as a non-Captive Insurer should instead complete Section 2.
- In addition to this section, Form SUP3 (Application for approval for a Cell of a Protected Cell Company – Insurance) must be submitted in respect of each Cell of the Protected Cell Company expected to be in existence at the time of authorisation.
- To the extent that information on the business to be undertaken has been included in the business plan submitted in response to question 3.7 of the Core Information Form (AUT 1), it need not be repeated here.

4.1 General

4.1.1 Explain below what experience, if any, the parties connected with this application have in operating a PCC or similar corporate structure.



4.1.2 Please explain the source and origin of the funds to establish the firm.



4.1.3 **Please attach** the latest audited financial statements of the corporate Controllers listed in response to question 20 of the Core Information Form (AUT 1). If any of these is a member of a Group, **please also attach** the consolidated financial statements of the Group.

4.1.4 Will a firm of insurance managers be employed to run all or part of the business? If so, please give the firm's name, and ensure that the scope of their work has been covered in the response to questions 4.7-4.11 of the Core Information Form (AUT 1).

A large rectangular grey box used for redaction, covering the response to question 4.1.4.

4.2 Insurance Business

Note: This section is concerned with the business of the PCC as a whole, including both the Cells initially proposed and those expected to be created over the period of the business plan.

4.2.1 Please state the types of Cell that the PCC expects to have over the period of its business plan. (For example, will they target captive business of a particular type or from particular industries?)

A large rectangular grey box used for redaction, covering the response to question 4.2.1.

4.2.2 State the type of business (e.g. life or non-life), nature of business (e.g. direct or reinsurance) that the Firm expects the targeted Cells to write.

A large rectangular grey box used for redaction, covering the response to question 4.2.2.

4.2.3 State the nature of the risks to be covered by the Cells targeted.

A large rectangular grey box used for redaction, covering the response to question 4.2.3.

4.2.4 Please state the maximum gross premium income the applicant expects to earn in total in respect of general business during the first financial year, less any rebates, refunds, reinsurance commission and reinsurance.

A large rectangular grey box used to redact the response to question 4.2.4.

4.2.5 Please give an approximate breakdown of premium volume by product and location, and the bases for calculating premium rates.

A large rectangular grey box used to redact the response to question 4.2.5.

4.2.6 Provide a description of the reinsurance, or retrocession, strategy, including:

- (a) a breakdown between quota and non-quota business;
- (b) details of the maximum retention per risk or event after all reinsurance ceded, by principal category of business undertaken;
- (c) details of the principal reinsurers including name, address, country of incorporation and of any relationship with the Cell shareholders;
- (d) specific details of any financial or other non-traditional reinsurance.

A large rectangular grey box used to redact the response to question 4.2.6.

4.3 Business Financials

Note: This section is concerned with the business of the PCC as a whole, including both the Cells initially proposed and those expected to be created over the period of the business plan. Where applicable, it covers both Cellular and Non-Cellular assets and liabilities.

4.3.1 Describe the proposed investment strategy for the firm's assets, including details of the diversification, currency and types of investments and the estimated proportion, which will be represented by each type of investments. Include here the investment strategy for non-cellular assets.



4.3.2 **Please attach** financial projections for Non-Cellular assets and liabilities for each of the first three financial years after licensing. In addition, provide a list of assumptions to support these financial projections.

4.3.3 Provide details of the policy for meeting the DFSA's Non-Cellular capital adequacy requirements on a continuing basis. State what stress and scenario testing, if any, has been performed on the figures submitted in response to question 3.8 of the Core Information Form (AUT 1).



4.4 Additional Information

4.4.1 Please use this section to provide any information that may clarify or support your answers in Section 4.



4.5 Attachments

General details

Question	Document	Attached?
1.2.11	Details of due diligence, research or any other information taken into consideration before appointing an actuarial firm.	<input type="checkbox"/>
4	Business plan	<input type="checkbox"/>
4.3	Financial statements	<input type="checkbox"/>
4.12	Financial projections	<input type="checkbox"/>
<i>Other</i>	<i>Please list</i>	<input type="checkbox"/>

5 DECLARATION

5.1 Declaration by the applicant

- 1 I declare that, to the best of my knowledge and belief, having made due enquiry, the information given in this form is complete and correct. I understand that it is an offence under Article 66 of the Regulatory Law 2004 to provide to the DFSA any information which is false, misleading or deceptive or to conceal information where the concealment of such information is likely to mislead or deceive the DFSA.
2. I declare my understanding that the DFSA may request more detailed information (including but not limited to, personal, educational, employment and financial information) should it be deemed necessary to adequately assess the fitness and propriety of the firm or any person connected to the firm. I consent to the DFSA contacting any previous employers, educational institutions, professional organisations or any other organisation, to verify any information contained in this form.
3. I confirm that I have the authority to make this application, to declare as specified above and sign this form for, or on behalf of, the Applicant. I also confirm that I have the authority to give the consent specified above.

Name of Director/Partner of the Applicant

Position

Signature of a Director/Partner/authorised signatory

Date

Name of Director/Partner of the Applicant

Position

Signature of a Director/Partner/authorised signatory

Date

PLEASE RETURN COMPLETED FORM TO:

DIFC FINANCIAL SERVICES AUTHORITY
AUTHORISATION DIVISION
PO BOX 75850
DUBAI UNITED ARAB EMIRATES