



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: 5<sup>th</sup> June 2019

Dear Sir,

**REQUEST FOR PROPOSAL (RFP) 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 RFP 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 Foreign JV Partners, as well as the Ministry of Planning and Finance's ("MoPF") replies.
- 3 MoPF's replies to the list of clarifications and the additional information provided in Appendix 2 should be taken into consideration in your submission. All terms and conditions in the RFP remain unchanged.
- 4 The follow up submission closing date and time will remain as **21<sup>st</sup> June 2019 at 1200 hours local time.**

Yours faithfully,

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

## RFCs FROM APPLICANTS, 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.*

## Part A: General Information

S/N	RFP Document Reference No.	Clarifications Requested By The Applicants	MoPF's Reply To Applicants
1	Section 9.0	There are some examples of Conditions Precedent to furnish with Successful Applicants prior to the approval. For b) and c) of these examples, are they intended to confirm the directors of JV, the amount of issued/paid up shares of JV, or shareholders and shareholding ratio in JV? If they are, could the approval be assumed to be given after Foreign JV Partner subscribing for new shares (after forming JV)?	Limbs (b) and (c) of Clause 9.1.1 are intended to confirm the directors of the JV, the amount of issued/paid up shares of the JV and the shareholders and shareholding ratio in the JV.  Once appointed, Successful Applicants will be able to commence capital injection and appoint the necessary directors. However, all the Conditions Precedent required by the MoPF will need to be fulfilled before the MoPF will issue a final approval for the JV. Upon receipt of final approval from the MoPF, the JVs can then go to DICA to change the name of the local insurer to the JV name (if so desired), and commence operations in the name of the JV. More details will be subsequently shared with Successful Applicants.
2	Schedule 4	Would it be possible for the FRD to share associated weights assigned to the different factors that make up the evaluation criteria, even if directional/ range?	The evaluation criteria is kept confidential.
3	Part A- Proposal Conditions, Section 4.7	i. Please confirm if the license will be granted to the Successful Applicant in Stage 5 (i.e. selection of the Successful Applicants) for allowing the Foreign JV partner to make capital injection into the Life Insurance JV.	No license will be granted to the Successful Applicant in Stage 5, although capital injection by the Foreign JV Partner can commence upon appointment of the Successful Applicant.
4	Part A- Proposal Conditions, Section 4.7	ii. What is the earliest time for the Foreign JV Partner to make the capital injection into the Life Insurance JV?	Once Successful Applicants have been appointed, capital injection by the Foreign JV Partner can commence.

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5	Part A- Proposal Conditions, Section 4.7	iii. Can the capital injection be done in tranches and over what time frame should such capital injection be completed?	The capital injection can be done in tranches. However, the share capital structure needs to be based on final Share Subscription Agreement submitted to the MoPF. Regarding the time frame, the Applicant should submit the proposed capital injection schedule for MoPF's consideration.
6	Part A- Proposal Conditions, Section 4.8.1	Upon receiving the approval of the MoPF, we seek to clarify whether the Life Insurance JV will be allowed to cede reinsurance to offshore entities?	This would depend on the relevant Myanmar laws, regulations and the policies of the Myanmar Government.
7	Section 4.9.1	Will any amendments or modifications that may be made by the MoPF to the RFP documents pursuant to the section 4.9.1 of the RFP be notified to the Applicant POC and the Foreign JV Partner POC via email respectively?	Any amendments or modifications made by the MoPF to the RFP documents pursuant to the section 4.9.1 of the RFP will be notified to the Applicant POC and the Foreign JV Partner POC respectively via email.
8	Section 7.6.1	Are there any specific requirements to serve as the Foreign JV Partner POC and/or the Applicant POC?	There are no specific requirements to serve as the Foreign JV Partner POC and/or the Applicant POC.
9	Part B- Objectives and Conditions Precedent, Section 9.1.1	This Section requires Successful Applicants to fulfil a set of conditions prior to the Life Insurance JV being granted an approval to carry out life insurance business in Myanmar. We seek to clarify: i) by which date is the Successful Applicant expected to fulfil all the conditions set out in Section-9.1.1 of the RFP as well any other conditions that may be furnished by the MoPF?;	Any applicable deadlines will be set out in the list of conditions to be issued upon announcement of Successful Applicants.
10	Part B- Objectives and Conditions Precedent, Section 9.1.1	ii) will the MoPF be issuing a letter of approval to the Life Insurance JV or will a new license be issued to the Life Insurance JV?;	A letter of approval will be issued to the Life Insurance JV.
11	Part B- Objectives and Conditions	iii) we assume that the Life Insurance JV company will be granted the approval letter of the RFP and the Life	The Life Insurance JV can start operations upon receiving a final approval letter as described under Stage 7 of the RFP process (RFP Section 4.8).

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	Precedent, Section 9.1.1	Insurance JV can start operations upon receiving such approval letter. Please clarify;	
12	Part B- Objectives and Conditions Precedent, Section 9.1.1	iv) with respect to the term “updated register of Directors” referred to in the Section 9.1.1.b we seek to clarify whether the updated list of directors refers to the Directors of the Successful Applicant or if this refers to the Directors of Life Insurance JV itself?	This refers to the Directors of Life Insurance JV.
13	Part B- Objectives and Conditions Precedent, Section 9.1.1	v) similarly, with respect to the “auditor’s certificate certifying the amount of issued and paid up share capital of the proposed Life Insurance JV” set out in Section 9.1.1.c we seek to clarify whether this refers to the issued and paid up capital of the Successful Applicant or that of the Life Insurance JV itself?; and	This refers to the issued and paid up capital of the Life Insurance JV.
14	Part B- Objectives and Conditions Precedent, Section 9.1.1	vi) since, the Foreign JV Partner can only inject capital upon the Life Insurance JV receiving the final approval and/or license, as such, items referred to in Sections 9.1.1.b and 9.1.1.c may not be administered during the conditional approval phase. We seek to clarify, whether FRD can consider giving its final approval and stipulate a timeframe for the new Life Insurance JV to respond to any conditions imposed?	Limbs (b) and (c) of Clause 9.1.1 are intended to confirm the directors of the JV, the amount of issued/paid up shares of the JV and the shareholders and shareholding ratio in the JV.  Once appointed, Successful Applicants will be able to commence capital injection and appoint the necessary directors. However, all the Conditions Precedent required by the MoPF will need to be fulfilled before the MoPF will issue a final approval for the JV. Upon receipt of final approval from the MoPF, the JVs can then go to DICA to change the name of the local insurer to the JV name (if so desired), and commence operations in the name of the JV. More details will be subsequently shared with Successful Applicants.
15	Part C- Schedules, Schedule 4	Please could you clarify the weightage assigned to each evaluation criteria?	The evaluation criteria is kept confidential.
16	Part C- Schedules, Schedule 9, Section 4(iv)	We seek to clarify whether the Successful Applicant is given an opportunity to update the regulator after the	All subsequent changes will be subject to MoPF approval.

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		Closing Date should there be any changes to the Key Executives after such closing date?	
17	Part C- Schedules, Schedule 10	We seek to clarify whether "Gross Written Premium" means new premium plus inforce premium in relation to the business volume stated in Schedule 10 of the RFP?	"Gross Written Premium" refers to the sum of both new business premiums and inforce premiums in relation to the business volume stated in Schedule 10 of the RFP.
18	Section 3.1.3	One local insurance mean only one entity with local 100% or can be local by JV 65:35?	One local life insurer as stated under Section 3.1.3 of the RFP refers to an existing local insurer which has been licensed by the IBRB to carry out life insurance business in Myanmar.
19	Section 3.1.5	It means that only one foreign insurer in JV only can hold with maximum in 35%. It is possible to hold with two foreign insurers as indirect and direct with maximum in 35%.	Only one foreign insurer can hold a maximum of 35% in the JV.
20	Section 3.1.6	If such a provision is required, can the licensed life insurer issue new shares and sell these to the foreign partner immediately as a means to comply? (The company will increase the capital equal the par value multiple numbers of new shares while shareholders of the local life insurance company will get the premium above the par value and take it out of the company).	As stated in Clause 3.1.6 of the RFP, the MoPF requires the method of investment to be in the form of the Foreign JV Partner subscribing for new shares in the Applicant.
21	Section 3.1.6	If such a provision is required and in the capitalization of the life insurer, is it acceptable that the foreign partner and the local shareholder put the required capital into the life company together to let the total capital equal to 6 MMK billion as minimum capital required? Will this comply with the method of acquisition to be in the form of the Foreign JV Partner subscribing for new shares in the Applicant?	As stated in Clause 3.1.6 of the RFP, the MoPF requires the method of investment to be in the form of the Foreign JV Partner subscribing for new shares in the Applicant.
22	Section II (a)	As the process of obtaining approval from regulatory authorities would take times and expected to receive the approval later than the June 21, 2019, Can we put it	Please seek understanding and confirmation from the relevant regulatory authority that any form of formal approval should be provided before an Applicant and its Foreign JV Partner may be

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		as conditions precedent to be fulfilled prior to the approval of the Life Insurance JV to carry out life insurance business in Myanmar? Or can we submit it in stage 6 (documentation finalization)?	selected as a Successful Applicant. This applies to all jurisdictions where such approvals are required.
23	Schedule 4 - Evaluation Criteria	Is there any weight provided to each category of the Evaluation Criteria?	The evaluation criteria is kept confidential.

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## Part B: Key Appointments

S/N	RFP Document Reference No.	Clarifications Requested By The Applicants	MoPF's Reply To Applicants
1	Part A- Proposal Conditions, Section 7.8.3(b)	Will it be acceptable if the proposed key executives hold more than one position in the Life Insurance JV (e.g. is it acceptable if the Chief Financial Officer and the Certifying Actuary is the same individual)?	Proposed key executives should not hold more than one position in the Life Insurance JV.
2	Section II (b)	<p>1) If all key executives have not been finalized, can we submit only some key executives that already finalized?</p> <p>2) In this case, do we need to add this topic in Schedule 6?</p>	<p>1) All relevant details of the finalised key executives need to be furnished as required under the RFP. For key executives that are not finalised at the point of submission of RFP, the Applicant should clearly indicate its proposed timeline to fill the remaining roles.</p> <p>2) No, this need not be listed as a deviation/non-compliance under Schedule 6.</p>
3	Section II (b)	Can some executive position be the same person? For example: Chief Actuary & CFO is the same person	Proposed key executives should not hold more than one position in the Life Insurance JV.

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Part C: Proposal Bond

S/N	RFP Document Reference No.	Clarifications Requested By The Applicants	MoPF’s Reply To Applicants
1	Section 3.6/ Schedule 2	<p>Relating to the issuance of a commitment letter for the provision of a proposal bond, please can you clarify the parameters you would use for classifying a issuing bank/ insurer as acceptable?</p> <p>[Would &lt;BANK/INSURER ABC&gt; be acceptable in this regard?]</p>	The regulated/licensed external bank or insurer must be reputable and of good standing, and must not be a related corporation to the Applicant/Foreign JV Partner.
2	Schedule 5	Schedule 5: Completeness and Conformance Checklist does not mention the Proposal Bond Commitment Letter described to be submitted with the Proposal (RFP Response) in RFP 3.6.2. We’d like to confirm whether we shall submit the Proposal Bond Commitment Letter with our Proposal.	The Proposal Bond Commitment Letter should be submitted along with the Proposal.
3	Part A- Proposal Conditions, Section 3.5	In relation to the Proposal Bond required to be furnished by the Successful Applicants: i) will there be a list of “recognized banks or insurers” (as stated in Section 3.5.2) published by the MoPF;	The regulated/licensed external bank or insurer must be reputable and of good standing, and must not be a related corporation to the Applicant/Foreign JV Partner.
4	Part A- Proposal Conditions, Section 3.6	ii) in lieu of such a list stated in point i) above, will it be acceptable that the issuing bank for the Proposal Bond be any one of a) a foreign bank or insurer not established in Myanmar; b) a foreign bank established and licensed to operate in Myanmar; or c) local bank or insurer in Myanmar?;	The regulated/licensed external bank or insurer must be reputable and of good standing, and must not be a related corporation to the Applicant/Foreign JV Partner.
5	Part A- Proposal Conditions, Section 3.7	iii) will it be acceptable to furnish a Proposal Bond issued by a local bank with which a Successful Applicant proposes to enter into bancassurance agreements?;	It is acceptable to furnish a Proposal Bond issued by a local bank with which a Successful Applicant proposes to enter into bancassurance agreements, provided that the



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			regulated/licensed bank must be reputable and of good standing, and must not be a related corporation to the Applicant.
6	Part A- Proposal Conditions, Section 3.8	iv) Please confirm if the proposal bond will be refunded after the approval is granted;	The proposal bond will be terminated after all conditions are fulfilled and the final approval is granted.
7	Part A- Proposal Conditions, Section 3.9	and v) Can the Bond Commitment Letter and the subsequent provision of the Proposal Bond be from two separate "recognized" banks or insurers?	This may be allowed in exceptional circumstances subject to the prior approval of the MoPF.
8	Section 3.5	Is the expiry date to be filled in the Proposal Bond to be issued by banks is 6 months from the bond issuance date?	The expiry date to be filled in the Proposal Bond to be issued by banks is at least 6 months from the bond issuance date.

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## Part D: Required Submissions

S/N	RFP Document Reference No.	Clarifications Requested By The Applicants	MoPF's Reply To Applicants
1	Section 7.9.1.2/ Schedule 12	Please clarify for "Connected Parties" the definition of Executive Authority.	Executive authority refers to the authority to make decisions on behalf of the company.
2	Section 7.9.1.2/ Schedule 12	For the two tables provided in Schedule 12, please clarify whether we can assume "Directors" includes all members of the BOD, and "Natural Person with Executive Authority" includes management/executive personnel?	"Directors" includes all members of the Board of Directors, and "Natural Person with Executive Authority" includes management/executive personnel.
3	Section 7.8.2 and Section 7.8.3 (g)	In the EOI clarification (MoPF reply in Request for Clarification Life JV, Category A No.2), there were several kind of appointment documents authorizing the representative of the board of directors to sign the form such as a copy of the board resolution or a Power of Attorney. We'd like to confirm a copy of the board resolution duly notarized and legalized can be furnished with the Proposal (RFP Response) as same as it could be furnished with EOI submission.	<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 &amp; 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>
4	Schedule 12	There could be some appointments that the Foreign JV Partner hasn't decided yet and can't decide by the submission of the Proposal in Schedule 12: Information	The MoPF is requesting for information of the existing Connected Parties of the Foreign JV Partner at the point of submission of RFP.

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		of Connected Party of the Foreign JV Partner. We'd like to confirm an appointment not decided yet could separately be reported to MoPF after it is decided. We will make an explanatory note on the Proposal (RFP Response), such as "To be reported after decided".	The MoPF should be notified of any subsequent appointments of Connected Parties.
5	Part A- Proposal Conditions, Section 4.2	With respect to the issuance of the "RFP Documents" stated in this section, we would like to seek your clarification on whether any other documents will be issued by the MoPF in relation to the RFP. If yes, by when is MoPF expected to release such documents.	The complete set of RFP documents has been issued to successful Applicants via email. However, collated responses by the MoPF in relation to the RFCs will be published on the website listed.
6	Part A- Proposal Conditions, Section 7.8.3(d)	This Section requires the submission of a finalised draft of any share subscription agreement and bancassurance agreement (if available). With respect to the bancassurance agreement, we seek to clarify: i) whether such a bancassurance agreement must be submitted to the MoPF by the Closing Date (i.e. 21 June 2019)?; and	A finalised draft of the Share Subscription Agreement should be submitted by the Closing Date. If the Applicant intends to submit a draft bancassurance agreement for the MoPF's consideration in the evaluation process, it should be submitted by the Closing Date.
7	Part A- Proposal Conditions, Section 7.8.3(d)	ii) subject to the response to the clarification sought out in i) above, if such a draft bancassurance agreement is not available by the Closing Date, does the Applicant have the option of submitting a draft bancassurance agreement after the closing date? If yes, what is the latest date by when the Applicant must submit the draft bancassurance agreement?	A finalised draft of the Share Subscription Agreement should be submitted by the Closing Date. If the Applicant intends to submit a draft bancassurance agreement for the MoPF's consideration in the evaluation process, it should be submitted by the Closing Date.
8	Part C- Schedules, Schedule 12	In relation to a "connected party" stated in Schedule 12 of the RFP we seek to clarify whether: i) the Foreign JV Partner is required to list all of the natural persons having executive authority over the Foreign JV Partner and all of the existing Directors of the Foreign JV Partner?; and	The Foreign JV Partner is required to list all of the natural persons having executive authority over the Foreign JV Partner and all of the existing Directors of the Foreign JV Partner.

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9	Part C- Schedules, Schedule 12	ii) if the definition of "Director" means the Director of the Life Insurance JV or the Directors of the Foreign JV Partner?	The definition of "Director" means the Directors of the Foreign JV Partner.
10	Section II (a)	"Certified True Copy" Can it be done with external legal counsel?	Certification of True Copy can be done with external legal counsel, subject to the laws of the home jurisdiction of the Foreign JV Partner.

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## Part E: Others

S/N	RFP Document Reference No.	Clarifications Requested By The Applicants	MoPF's Reply To Applicants
1	Part A-Proposal Conditions, Section 1.1.3	<p>Instead of forming a new joint venture and transferring all the assets to that new joint venture entity, the Foreign JV Partner will be investing [REDACTED] [REDACTED] i.e. the existing Life insurance license holding entity (license issued on 1st April 2019). Accordingly, [REDACTED] will become the joint venture entity and our intention is to change the name of [REDACTED] to [REDACTED] [REDACTED] in accordance with the provisions of Section 25 of the Myanmar Companies Law without changing the legal status of [REDACTED] (i.e. the existing life insurance business license holder).</p>	<p>This is a statement, rather than a clarification question. No responses will be provided.</p>

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**Additional Information**

The MoPF would like Applicants to also take note of additional information provided below.

**Q1. With reference to Schedule 11 of the RFP, what is the period defined for a "financial year"?**

Response: A "financial year" refers to the period from 1st October 20xx to 30 September 20xx. (e.g. FY2020 covers the period from 1 October 2019 to 30 September 2020).

**Q2. With reference to Section 7.9.1.3 Part A of the RFP, to what extent should the Foreign JV Partner be providing information for the past JV exit history?**

Response: The Foreign JV Partner should provide the JV exit history for the past 10 years.

**Q3. With reference to Schedule 11 of the RFP, what exchange rates should be adopted for the conversion of the relevant local currency (e.g. MMK) to USD?**

Response: Applicants should use the applicable spot exchange rates published by the Central Bank of Myanmar as at date of issuance of the RFP document (i.e. 17 May 2019).