

JUN. 24

ANGOLA

INSURANCE

New Law on Insurance Mediation and Brokerage

More than two decades have passed since the approval of the first law regulating these matters. As a result, it has been necessary to redefine the legislation applicable to insurance mediation and brokerage in Angola in order to adapt it to the current state of the insurance market. This need resulted in the recent publication of Law 6/24 of 3 June - the Insurance Mediation and Brokerage Law ("LMCS"). The LMCS repeals Executive Decree 7/03 of 24 January and Executive Decree 465/16 of 1 December.

The new rules apply to the following entities:

- Natural and legal persons authorised to access and conduct insurance and reinsurance intermediation and brokering activities in Angola;
- Insurance and reinsurance companies;
- With the necessary adaptations, micro-insurance companies and pension fund management companies authorised to access and carry out mediation activities in Angola;
- With the necessary adaptations, non-resident entities authorised in their countries of origin to operate as intermediaries in their relations with insurance and reinsurance companies authorised to operate in Angola; and
- Non-resident reinsurance intermediaries, provided they are authorised and subject to supervision in their home country by entities recognised by the Angolan Insurance Regulation and Supervision Agency ("ARSEG") and that they appoint a legal representative, whether a natural or legal person, with residence or registered office in Angola.

The LMCS also applies to natural or legal persons who, on the date of entry into force of this Law, are authorised to carry out the activity of insurance mediation in accordance with Executive Decree 7/03 of 24 January 2003 and its Regulations.

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Under the LMCS and other legislation, banking financial institutions are now authorised to engage in the activity of insurance intermediation in the category of insurance agent in any branch of insurance activity.

For the purposes of this Law, the registration to carry out the activity of mediation covers the activities of insurance mediation of: (i) life insurance contracts, including pension funds; (ii) non-life insurance contracts; (iii) insurance contracts of both classes; (iv) contracts for micro-insurance products; and (v) contracts for membership of micro-pension products.

Subject to prior notification to the Banco Nacional de Angola ("BNA") and registration with ARSEG, banking financial institutions are now authorised, under the LMCS and other legislation, to engage in the activity of insurance intermediation in any branch of insurance activity in the category of insurance agent.

However, and subject to other restrictions, banking financial institutions authorised to carry out insurance mediation activities are prohibited from imposing an obligation to take out an insurance contract with a particular insurance company, within or outside the group, as a condition for the client's access to another good or service provided.

With regard to the categories of intermediaries, the term "insurance intermediary" has been replaced by "insurance intermediary on an ancillary basis". These are any natural or legal persons, with the exception of financial institutions subject to the supervision of the BNA or investment companies, who, as an ancillary activity to their professional activity, carry out the activity of insurance mediation in the name and on behalf of one or more insurance companies or insurance intermediaries, under the terms of the contracts they have concluded with these entities as part of their main professional activity.

To promote healthy competition in the insurance market and reduce possible conflicts of interest, the activities listed below are now incompatible with the activity of insurance and reinsurance mediation for the insurance and reinsurance mediator. These incompatibilities apply to natural persons and, in the case of legal persons, to any member of their administrative or management bodies and the persons directly involved in the mediation activity. The incompatible activities are:

- Being members of the management bodies or employees of an insurance or reinsurance company or have a legal relationship similar to an employment relationship with such a company, unless they act as intermediaries for the insurance company or insurance group in question under the category "insurance intermediary on an ancillary basis";
- Being members of the organs or staff of ARSEG or have a legal relationship similar to an employment relationship with ARSEG;
- Performing management, settlement or expert claims functions or be a partner or member of the management body of a company that performs these functions;
- Performing duties as head of an insurance or reinsurance company; and
- Acting as an auditor for an insurance or reinsurance company or for an insurance or reinsurance intermediary.

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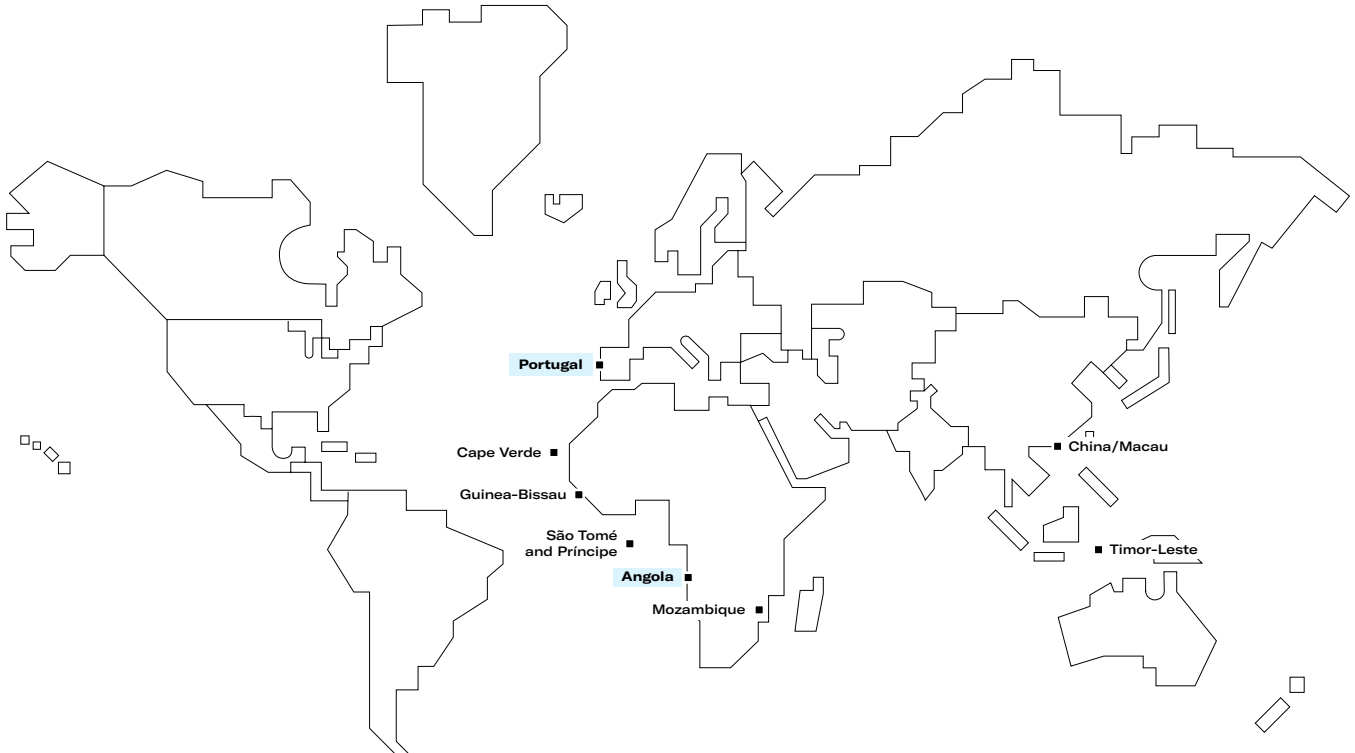
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The members of the management body designated as responsible for insurance or reinsurance mediation activities and the persons directly involved in mediation activities are also prevented from exercising these activities for more than one insurance or reinsurance intermediary, unless they belong to the same group and up to a maximum of three.

With regard to penalties, there has been a reduction in the measures applicable to offences committed, with fines ranging from AOA 50,000 (fifty thousand kwanzas) to AOA 50,000,000 (fifty million kwanzas) for offences committed by natural persons and AOA 100,000 (one hundred thousand kwanzas) to AOA 100,000,000 (one hundred million kwanzas) if committed by legal persons, depending on whether they are simple, serious or very serious administrative offences.

Legal entities already authorised to operate when the LMCS comes into force will have until the end of 2025 to adjust their corporate structure and ensure compliance with the other obligations set out in the law. In the case of the complaints management function, which is mandatory, insurance intermediaries have one year from the entry into force of the law to implement it.

The law entered into force on the day of its publication, 3 June 2024. ■



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