

LEGAL ALERT

**AMENDMENT TO THE MACAU INSURANCE ORDINANCE (MIO)
DECREE LAW NO. 27/97/M**

September 10, 2020



An amendment to the Macau Insurance Ordinance (Decree Law no. 27/97/M), was approved today (September 10) by the Macau Legislative Assembly. This amendment intends to update the existing framework in line with the development of the local insurance market as well as with the Insurance Core Principles issued by IAIS.

We list below the most relevant changes introduced by the new legislation:

1. The competence for authorizing the insurance classes each insurer is allowed to market, will now lie with the Monetary Authority of Macau (“**AMCM**”).
2. AMCM is empowered to carry out group-wide consolidated supervision.
3. Statutory duties of confidentiality are extended to officers and employees of insurance companies, as well as to certain external contracted parties; Exceptions to such duties, and to the regulator’s own duties of confidentiality, are also prescribed.
4. The timelines for insurers financial reporting are amended.
5. The annual supervision fee levied by AMCM is increased by 10-fold (maximum).
6. The minimum share capital requirements for both life and non-life are increased to the double.
7. The minimum establishment fund of authorized branches of overseas insurers is also doubled.
8. Residency requirements are imposed in the composition of the board and responsible officers.
9. Higher suitability requirements are prescribed for officers of insurance companies.
10. The appointment of officers is now subject to pre-approval rather than post-notification.
11. The licensing process of new insurance companies is enhanced.
12. Acquisition of qualified shareholdings are no longer subject to tacit approval.
13. The rules for determining technical reserves, as well as the reporting obligations in respect of assets guaranteeing such reserves, have been amended.
14. The solvency ratios for both life and non-life are amended.
15. Minimum record keeping periods are extended.
16. The statutory list of material infringements, as well as the list of applicable sanctions, are enhanced.
17. Class J (operations of capitalization) has been removed from the approved list of life classes.

The amendment to the MIO will become effective the day after its publication in the official gazette.

New-to-market players will have to comply with the amended MIO as soon as it comes into force.

Insurance companies already licensed will have six months to adapt, with the following exceptions:

- New rules on minimum capital/establishment fund and non-life solvency margin – 18 months.
- New rules on unexpired risk reserves (formerly defined as unearned premium reserve) – 24 months

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