

## Update of the Macau Insurance Companies Ordinance (updated)

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Around one year ago, we shared an overview of what was, at the time, a forthcoming law revising Decree-Law 27/97/M of June 30th: the Macau Insurance Companies Ordinance. [You can re-read that article here.](#)

Now, Law no. 21/2020 has finally been published on September 21st 2020 and has entered into force the day after, i.e., September 22nd 2020. Today we are breaking down the changes that operators or prospective operators in the insurance business should be aware of.

The most relevant amendments provided under Law no. 21/2020 are:

1. Reputation criteria of members of corporate bodies have been reinforced and strengthened, averting from those positions those charged or found guilty of money laundering or terrorism financing crimes, for example;
2. Conditions and requirements of risk management mechanisms, internal controls, Anti-Money Laundering and Counter-Financing of Terrorism measures must be specified within the license application, to be filed before the Macau Monetary Authority ("AMCM");
3. Deadlines for reporting obligations have been amended;
4. The minimum share capital required for locally incorporated life and non-life insurers has been increased, as well as the minimum funds to be allocated to branches of insurance companies incorporated overseas;
5. Professional secrecy requirements are imposed to members of the AMCM's bodies and their staff, as well as to members of the corporate bodies of insurance and reinsurance companies, their employees, accountants, auditors, consultants, and attorneys, with respective exceptions and withdrawal criteria provided as well;
6. From now on, (i) members of the management and supervisory bodies, (ii) the persons with effective management powers of the insurers and reinsurers headquartered in Macau, (iii) the persons in charge of the establishments of the representations abroad of insurers based in Macau, (iv) the general representative of branches of insurers headquartered abroad, (v) the general representative of the representative offices of insurers and reinsurers headquartered abroad, and (vi) the

head of delegation establishments, may not begin their functions before the respective appointment is registered with AMCM;

7. The rules for determining technical reserves have been amended;
8. The requirements of technical provisions have been improved by demanding non-life insurance companies to put in place risk provisions based on solid actuarial principles, the respective coverage and guarantee are revised to ensure and comply with supervision requisites. The increase of solvency margin will also be required from these companies to provide for steady control;
9. The minimum record-keeping periods have been extended (depending on the type of recorded data);
10. Provisions related to means and terms of the recording of digital documents, and respective evidence value are updated to today's demands;
11. The infringement regime has been amended, meaning that any violation of the legally provided obligations may trigger different penalties;
12. Insurance products related to Capitalisation Operations (previously Class J products) are no longer legally provided.

Finally, Law no. 21/2020 provides that all local (re)insurance companies and branches of (re)insurance companies incorporated overseas must enforce and execute all necessary acts to comply with this new law within six months counting from September 22nd 2020.

Two exceptions should be kept in mind:

- i. new rules on minimum share capital or establishment fund and non-life solvency margin should be complied with within 18 months; and
- ii. new rules on ongoing risks reserves should be adhered to within 24 months.

As you may see, several and important aspects of the Macau Insurance Companies Ordinance were changed and are requiring stakeholders' close attention. As always, we are available whenever we can be of assistance.

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For more information on this subject and the specifics of your case, please contact **C&C Lawyers & Notaries**.



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