

CENTRAL BANK OF THE GAMBIA



GUIDELINE TWO:

GUIDELINES ON MANAGEMENT AND TECHNICAL
SERVICES AGREEMENTS FOR INSURANCE
COMPANIES

MARCH 2015

GUIDELINES ON MANAGEMENT AND TECHNICAL SERVICES AGREEMENTS

1.0 **Preamble**

These Guidelines are issued under the provisions of Section 93 of the Insurance Act 2003 and shall govern the relationship between subsidiary insurers in The Gambia and their parents. And where appropriate these Guidelines apply to insurers that are not subsidiaries.

2.0 **Nature of Relationship**

The parent company shall act at all times as a source of financial and managerial strength to the subsidiary insurer. To that end, all transactions between the parent and subsidiary shall be on arm's length basis.

3.0 **Arm's Length Transactions**

Transactions between a subsidiary insurer and its parents and/or other companies affiliated with the parent organization shall be consistent with safe and sound insurance practices. Accordingly, all transactions shall be at a minimum the same as those offered to non-affiliated companies. This ensures that both parties in the deal act independently and are not subject to any pressure or duress from the other party.

4.0 **Services Rendered By Parent**

The parent organization has the right to utilize resources within the organization or retain any company to provide a service to the subsidiary. However, the cost of the service or product must commensurate with the market value in the local market. Invoices should be sufficiently detailed so that an audit trail is created. If the product/service is not available locally, the cost of such product/service in the parent's market or the market from where the product or service is derived may suffice. The parent organization shall not charge a fixed percentage of pre-tax profit without the prior written approval of the Central Bank of The Gambia (CBG).

