

The Astana Financial Services Authority licensed Captive Insurer firm, setting a precedence for Kazakhstani companies to transfer operations and capital to Kazakhstan

The Astana Financial Services Authority (AFSA) issued a license to the Kazakhstan Energy Reinsurance Company Ltd. (KERC) to carry on the Regulated Activities of Effecting Contracts of Insurance and Carrying on Contracts of Insurance as a captive insurer. Under AIFC acts, Captive Insurance Business is the business of Effecting or Carrying out Contracts of Insurance only for the business or operations of the Group to which the Captive Insurer belongs.

The transfer of incorporation of the captive insurance firm to the Astana International Financial Centre (AIFC) marks a positive process of relocation of Kazakhstani capital and assets from foreign jurisdictions. According to AIFC regulations, the transfer of incorporation allows KERK to continue to have all the property, rights and privileges, and be subject to all the liabilities, restrictions and debts, that it had before the continuation.

Kazakhstan Energy Reinsurance Company Ltd. is an affiliated company of JSC NC “KazMunayGas”, carrying on insurance business within JSC NC “KazMunayGas” and the National Welfare Fund Samruk-Kazyna, which is its ultimate parent holding company. KERK’s shareholder is a Cooperative KazMunaiGaz U.A., registered outside Kazakhstan.

As part of investment reforms in Kazakhstan, the AIFC is aimed at accelerating economic growth of the country. The AIFC has implemented a regulatory regime that allows attracting capital to the country, including repatriation of assets. The transfer of incorporation or redomiciliation of KERK from Bermuda, where it has been previously operating since 2004, to the AIFC, allowed KERK to transfer all legal rights and liabilities to the new entity, which is the same legal person as the originally overseas-incorporated company, as well as become the subject of tax preferences and legal regulation in accordance with international standards.

Mr. Mukhtar Bubeyev, the Acting Chief Executive Officer of the AFSA, said: “The transfer of incorporation of the Kazakhstan Energy Reinsurance Company Ltd. to the AIFC gives a clear message that the legal framework of the AIFC supports Kazakhstani companies willing to relocate operations and assets to Kazakhstan through the AIFC, where a regulatory regime is well placed for doing financial services business and the protection of investments.”

Aigul Beknazarova, the Managing Director – Financial Controller of JSC NC “KazMunayGas”: “We believe that the AIFC opens new opportunities for large companies conducting international business. This is a good opportunity, and we are pleased to take advantage of what this jurisdiction offers. This is not our first

transaction on this platform, but we took advantage of the opportunity to transfer of company incorporation to the AIFC jurisdiction for the first time. We hope that the AIFC will continue to be a flexible and convenient platform for business.”

Reference:

The Astana International Financial Centre (AIFC) was established by the initiative of the President of Kazakhstan Nursultan Nazarbayev and operates as per the Constitutional Law “On the Astana International Financial Centre” dated December 2015. The AIFC aims at attracting investment into the Kazakh economy through the establishment of an attractive and business friendly environment for financial services and capital markets, including securities, insurance, banking and Islamic finance the Republic of Kazakhstan.

www.aifc.kz

The Astana Financial Services Authority (AFSA) was established in accordance with the Constitutional Law of the Republic of Kazakhstan “On the Astana International Financial Centre” for the purposes of regulating activities related to financial services in the AIFC. The AIFC Regulations and Rules provides for the authorization, registration, recognition and supervision of financial firms and market institutions.

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