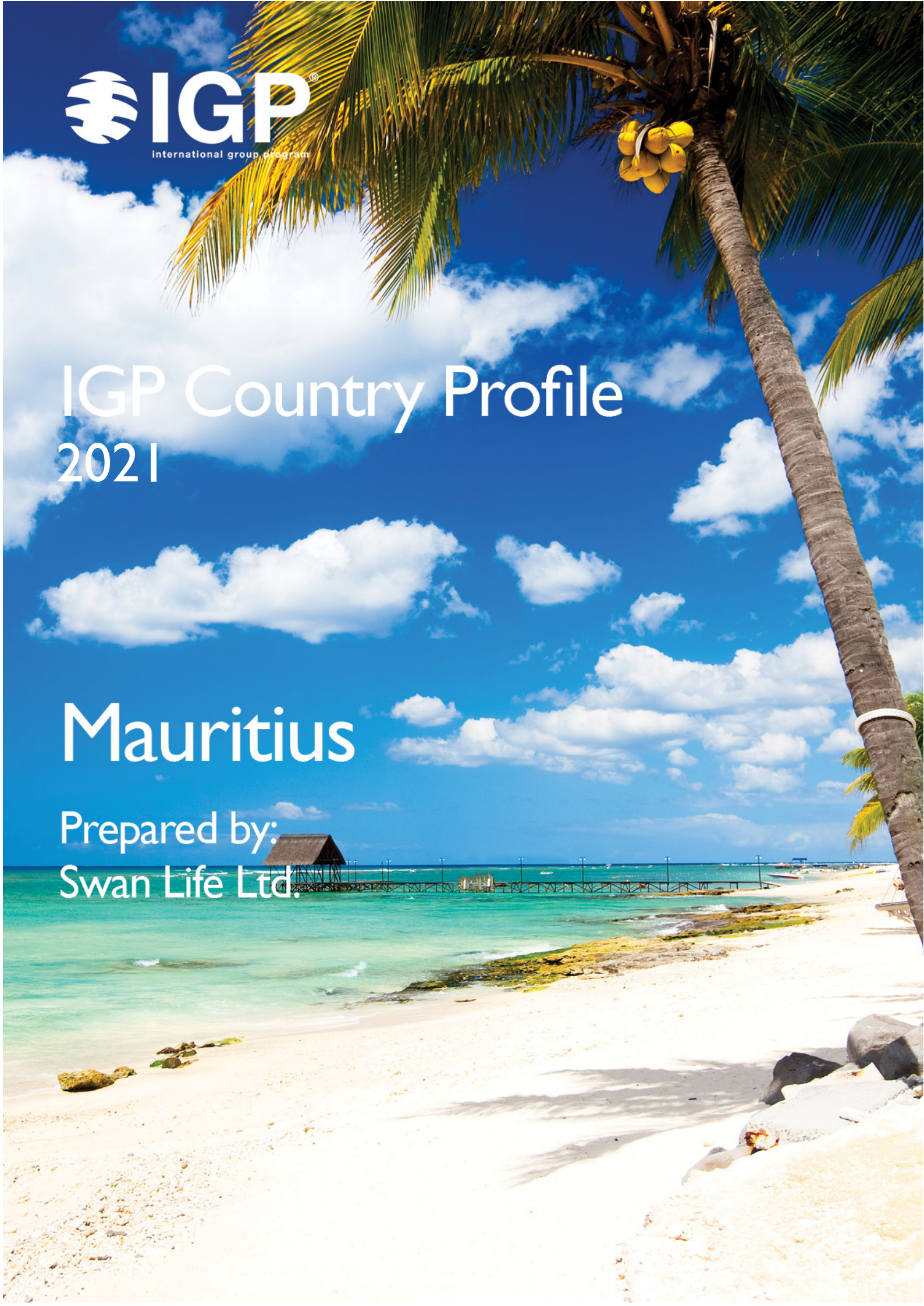




# IGP Country Profile 2021

## Mauritius

Prepared by:  
Swan Life Ltd.





## Preface

This Country Profile has been prepared by **SWAN Life Ltd.** for the International Group Program (IGP).

The International Group Program (IGP) is a network of major life insurance companies (Network Partners) operating throughout the world, who work together to meet the group insurance and pension needs of international corporations and their affiliates, branches, and subsidiaries.

Since 1967, the International Group Program has been an industry leader in the field of international benefits management, serving more multinational companies than any other network. IGP is represented in around 70 countries throughout the world and is known for the flexibility and quality of service we provide to our clients.

Working closely with our headquarters' staff in Boston, our regional offices in Brussels and Singapore, IGP Network Partners offer corporate clients the advantages of experienced local insurance management coupled with the resources of a professionally trained staff that specializes in international employee benefits.

IGP is part of John Hancock Life Insurance Company (U.S.A.), the U.S. operation of Manulife Financial Corporation, a leading financial services group based in Toronto, Canada. Manulife offers its clients a diverse range of financial protection products and wealth management services. Both Manulife Financial and John Hancock are internationally recognized brands that have stood for financial strength and integrity for more than a century.

*The information contained in the IGP Country Profiles is considered proprietary and any material extracted from a profile must be attributed to IGP.*

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## Table of Contents

YOUR LOCAL LINK TO IGP IN MAURITIUS	
SWAN Life Ltd.	4
SOCIAL SECURITY BENEFITS & CUSTOMARY PRIVATE EMPLOYEE BENEFITS	
Death Benefits	5
Disability Benefits	6
Medical Benefits	7
Retirement Benefits	8
BENCHMARKING INFORMATION AND TRENDS	11
USEFUL LINKS	12

### **SWAN Life Ltd.** **The IGP Network Partner in Mauritius**

SWAN is the leading financial solutions provider in Mauritius.

SWAN comprises five main divisions and each has a particular mandate.

Swan General Ltd specializes in general insurance.

Swan Life Ltd specializes in long-term insurance.

Swan Pensions Ltd sets up and administers pension funds.

Swan Wealth Managers Ltd specializes in wealth creation and management.

Swan Securities Ltd is the stockbroking arm.

SWAN offers a wide range of insurance for individual and corporate clients that includes life, disability, medical and pension plans, as well as marine, motor, liability and property & casualty. SWAN is the largest provider of private medical Insurance in the market.

SWAN has roots dating back to 1854 via the incorporation of The Mauritius Fire Insurance Company and 17 years later with the Colonial Fire Insurance Company Limited. Swan Insurance Company Limited was incorporated in 1955 to assume the insurance business of these companies. Since 1990, Swan Insurance has been listed on the Stock Exchange of Mauritius. SWAN is present in Madagascar, Seychelles, Reunion Island and South Africa.

Swan Life Ltd has been an IGP Network Partner since 2015.

### **Key Products**

#### **Life**

- Death Benefits
- Total & Permanent Disability (TPD Rider)
- Spouse's and Orphan's Benefits
- Disability Income Replacement Benefit
- Other Pension Benefits

#### **Medical (Provided by Swan General Ltd)**

- In-Hospital Benefit
- Out-Hospital Benefit
- Optical & Dental Benefit
- Other Health Benefits

<b>DEATH BENEFITS</b>	
<b>Social Security Benefits</b>	<b>Customary Private Employee Benefits</b>
<p><b>Basic Widow's Pension – BWP (zero pillar)</b> Basic Widow's Pension of MUR 5,810 per month is payable to widows aged 15 to 59 years who were either civilly and/or religiously married to their late husband.</p> <p><b>Basic Orphan's Pension – BOP (zero pillar)</b> Basic Orphan's Pension of MUR 4,810 per month is payable to all orphans under the age of 20, if they are in full-time education.</p> <p><b>The National Savings Fund – NSF (second pillar)</b> The objectives of the National Savings Fund are to provide for the payment of a lump sum to every employee on his retirement as from the age of 60, or to the beneficiary upon the employee's death. The National Pension Fund is no longer an active scheme as from 31 Aug 2020, whereby new contributions are now made to Contribution Sociale Généralisée (CSG) as per the new regulation.</p> <p><b>Child's Allowance (zero pillar)</b> Child's allowance is payable to children of beneficiaries of Basic Widow's Pension and Basic Invalid's Pension in respect of a child below 20 years, if in full-time education.</p>	<p>Most private pension funds provide members with a Group Life and Total and Permanent Disability lump sum of about 2 times annual salary.</p> <p>In some instances beneficiaries' pensions are provided in addition.</p> <p>The cost of this benefit varies depending on the age and salary profile of employees and is usually paid for by the Employer in addition to contributions for pension benefits.</p>

<b>DISABILITY BENEFITS</b>	
<b>Social Security Benefits</b>	<b>Customary Private Employee Benefits</b>
<p><b>Basic Invalid's Pension – BIP (zero pillar)</b>            The Basic Invalid's Pension of MUR 5,810 per month is payable to any person aged 15 to 59 years if certified by a Medical Board that the person is either permanently or substantially incapacitated to work to a degree of 60% or more for at least 12 months.</p>	<p>Most private pension funds provide members with a Group Life and Total and Permanent Disability lump sum of about 2 times annual salary.</p> <p>The cost of this benefit varies depending on the age and salary profile of employees and is usually paid for by the Employer in addition to contributions for pension benefits.</p> <p>Income Replacement benefits are usually quite rare mainly because of affordability but there is clearly a market for this benefit.</p>

<b>MEDICAL BENEFITS</b>	
<b>Social Security Benefits</b>	<b>Customary Private Employee Benefits</b>
Health care, through public medical institutions, is free of charge in Mauritius.	Employers sometimes take out private medical insurance for employees. This benefit is sold through Swan General Ltd, as medical insurance is classified as short term insurance by law.

<b>RETIREMENT BENEFITS</b>											
<b>Social Security Benefits</b>	<b>Customary Private Employee Benefits</b>										
<p><b>Basic Retirement Pension – BRP (zero pillar)</b> Basic Retirement Pension, also known as old-age pension, is payable to every Mauritian citizen aged 60 years and above, subject to certain residency conditions.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Age</th> <th style="text-align: left;">Monthly Pension (MUR)</th> </tr> </thead> <tbody> <tr> <td>Basic Retirement Pension</td> <td></td> </tr> <tr> <td style="text-align: center;">60-89 years</td> <td style="text-align: center;">9,000</td> </tr> <tr> <td style="text-align: center;">90-99 years</td> <td style="text-align: center;">16,710</td> </tr> <tr> <td style="text-align: center;">100 years &amp; above</td> <td style="text-align: center;">21,710</td> </tr> </tbody> </table> <p><b>The National Pension Fund – NPF (first pillar)</b> The NPF is by far the largest pension fund in Mauritius today with more than 350,000 members and about MUR 120bn (USD 3.4bn) in assets. All private sector employees and employers are required to contribute 3% and 6% respectively of monthly earnings up to an earnings ceiling. These contributions purchase “pension points” for each member which are accumulated and converted into pension amounts at retirement according to prevailing conversion rates set each year. This is no longer an active scheme as from 31 Aug 2020.</p> <p><b>The National Savings Fund – NSF (second pillar)</b> The objectives of the National Savings Fund are to provide for the payment of a lump sum to every employee on his retirement as from the age of 60 or earlier, or to the beneficiary upon the employee’s death; and</p>	Age	Monthly Pension (MUR)	Basic Retirement Pension		60-89 years	9,000	90-99 years	16,710	100 years & above	21,710	<p><b>Occupational Pension Schemes</b> In Mauritius, Occupational Pension Schemes are voluntarily set up by employers of the private sector workers to provide retirement benefits to their employees. They are called Private Pension Schemes and are governed by the Private Pension Schemes Act 2012.</p> <p>Occupational pension schemes can be divided into two main categories:</p> <ul style="list-style-type: none"> <li>• Defined Benefit (or Final Salary) Pension Schemes; and</li> <li>• Defined Contribution Pension Schemes</li> </ul> <p>We also have some hybrid schemes which have been set up by Employers.</p>
Age	Monthly Pension (MUR)										
Basic Retirement Pension											
60-89 years	9,000										
90-99 years	16,710										
100 years & above	21,710										

### Retirement Systems in Mauritius – Additional Information

As a former French and British colony, Mauritius has developed an interesting mix of public and private retirement systems. The pension system in Mauritius has witnessed many changes over the years and is a well-designed multi-pillar pension system as follows:

1. A non-contributory or “zero pillar” that provides a minimum level of protection or safety net.
2. A mandatory “first-pillar” contributory system linked to earnings and seeking to replace some portion of income for most, if not all, people of working age.
3. A mandatory “second-pillar” system that is essentially an individual savings account.
4. Voluntary “third-pillar” arrangements that are varied but essentially flexible and discretionary in nature (e.g. private occupational pension schemes or personal pension plans).
5. Informal intra-family or intergenerational sources of support to the elderly, including access to healthcare and housing.



### The Zero Pillar

The Zero Pillar includes Basic Retirement Pension – BRP, Basic Widow’s Pension – BWP, Basic Invalid’s Pension – BIP, Basic Orphan’s Pension (BOP) and Child’s Allowance.

### The First Pillar

The first pillar in Mauritius is quite complex and includes the following:

- The National Pension Fund (NPF) which was introduced in 1976 and covers all private sector employees. This is no longer an active scheme as from 31 Aug 2020.
- The Sugar Industry Pension Fund (SIPF) which predates the NPF and covers all sugar industry employees (many of whom have been allowed to continue contributing to the SIPF rather than the NPF when the latter was introduced).
- The Civil Service Pension Scheme (CSPS) which is unfunded and covers all public service employees (the latter are not required to contribute to the NPF).
- Parliamentary pensions which are also unfunded.
- The Statutory Bodies Pension Fund (SBPF) which covers all employees of para-statal and other statutory bodies (the latter are not required to contribute to the NPF).
- The Employment Rights Act which requires employers to provide a lump sum of 2 weeks’ or ½ a month’s earnings for each year of service to employees retiring on or after age 60.

The original target NPF pension was 33% of National Average Earnings (NAE) after 40 years’ contribution when the earnings ceiling was roughly equal to the NAE, but the earnings ceiling has not been automatically indexed with the NAE and is now only around 60% of NAE, resulting in maximum NPF pensions of around 20% of NAE normally.

Sugar industry employers are required to contribute 10.5% instead of 6% and all employees and employers can elect to pay higher contributions for higher benefits.

### The Second Pillar

The National Savings Fund (NSF) was set up in 1995. The objectives of the National Savings Fund are:

- To provide for the payment of a lump sum to every employee on his retirement at the age of 60 or earlier, or to the beneficiary upon the employee’s death; and
- To set up and operate for the benefit of employees, such schemes, including loan schemes, as may be prescribed.

This Fund is compulsory in respect to all employees, except non-citizens, of both public and private sector.

### Contributions

Categories	Contribution Rate (%)
Employers	2.5
Employees	1.0

### The Third Pillar

#### Occupational Pension Schemes

Please see above.

#### The Framework - Private Pension Schemes Act 2012

The Private Pension Schemes Act has been proclaimed on the 1<sup>st</sup> November 2012 and it is the responsibility of the Financial Services Commission (FSC) to ensure compliance with the provisions of the Act.

The new framework focuses on:

- good governance,
- transparency and accountability,
- risk management,
- early warning signals and remedial interventions.

Major changes brought following the proclamation of the Act are:

- All new Pension Schemes shall be set up as Trusts or Foundations;
- Pension schemes will be administered by a governing body which shall be the board of Trustees or the Council;
- Assets of the pension schemes can be managed by wide range of financial business providers: long term insurers, investments advisers, asset managers or CIS managers that are licensed by FSC;
- Pension scheme assets shall be held by a Custodian licensed by the FSC;
- Penalties and fines for non-compliance with provisions of the Act;
- Whistle-blowing provisions;
- Disclosure requirements;
- Admissible assets and concentration limits;
- Technical Funding requirements.

### Personal Voluntary

Personal pension plans are accessible to almost everybody, including both employed and unemployed people. These products are generally offered by insurance companies.

Contribution levels are laid down in the contract between the provider and the policyholder. There are no legal maximum contribution levels. Usually contributions are paid on a monthly basis, or made as a one-off payment.

Personal pension plans are pure Defined Contribution in nature. Up to 25% of pension assets can be paid out as a lump sum, with the remaining assets being paid as annuities.

### SWAN Pension Business

SWAN has over 60 years' experience in Life & Pension business. We are the leaders in pension administration in Mauritius with 70% of market share and the value of pension assets under management amounts to approximately USD 800M.

Prior to the coming into force of the Private Pensions Schemes Act in November 2012, Swan Life Ltd was providing insured pension arrangements to companies willing to set up pension schemes for employees. It was a contract based arrangement and the different services were offered in a bundled package. The pensions department was responsible for the administrative tasks inherent in a pension scheme; the actuarial team of Swan Life Ltd was providing the actuarial services; the risk cover was underwritten with Swan Life Ltd and the assets were invested and managed by the investment management team of Swan, namely Swan Wealth Managers.

With the enactment of the new legislation, pension schemes can only be set up as trust or foundation. Swan has had to restructure its pension business to be compliant. Today, Swan is the promoter of master trust arrangements in line with new legislation.

Swan Pensions Ltd is the pension's administration arm of Swan. It is a fully owned subsidiary of Swan Life Ltd and was the first company to be licensed as a Pension Scheme Administrator by the FSC.

Today we provide a complete array of pension arrangements that can suit various sizes of employers & their preferences both in terms of legal structure and type of benefits. Our client base is very diverse ranging from small local companies to large multinationals. We are familiar with different types of schemes be it Defined Benefit, Defined Contribution or Hybrid Schemes. We are at ease to work with the different structures that exist like contract based, trust based or superannuation fund.

### Old-age Pensioners

The number of old-age pensioners, increased to reach 216,000 in 2018. Government spent MUR 17 bn on old-age pension during 2017/2018.

A forty years' projection indicates that Basic Retirement Pensioners would increase to reach around 342,000 in 2057. The amount disbursed is expected to increase to MUR 21 billion in 2020.

Traditionally most pension schemes were predominantly DB schemes, but many are converting to DC schemes and almost all new pensions schemes are DC schemes.

The Mauritian environment has also seen considerable growth of stand-alone pension funds, which are DC in nature.

## Useful Links

Demographic information:	<a href="#">CIA World Factbook</a> (please select the country to review)
Macro-Economic indicators:	<a href="#">CIA World Factbook</a> (please select the country to review)
Social security info on government website:	<a href="https://govmu.org/EN/infoservices/socialsecurity/Pages/pensions.aspx">https://govmu.org/EN/infoservices/socialsecurity/Pages/pensions.aspx</a>
More information on the IGP Network Partner:	<a href="#">IGP - Your Local Link in Mauritius</a>
SWAN:	<a href="http://www.swanforlife.com">www.swanforlife.com</a>



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