



FINANCIAL SERVICES COMMISSION

INFORMATION CIRCULAR

GUIDELINE 8 REMINDER – INSURANCE BROKER AGREEMENTS

January 18, 2016

1. The Financial Services Commission (“the FSC”) intends through this Circular to remind insurance companies and insurance brokers registered under the Insurance Act, Cap. 310 (“the Act”) of the requirement to enter into insurance broker agreements as per the FSC Guideline #8, and to remit premiums received in accordance with the legislation.
2. The FSC wishes to remind registrants that Guideline #8 applies to all insurers licensed to write domestic insurance policies in Barbados and all insurance brokers who advise or place domestic insurance business. Guideline #8 requires insurers and brokers to enter into written agreements which set out the operational procedures governing the transactions between the two entities.
3. The FSC also takes this opportunity to reinforce the requirements under section 90 of the Insurance Act, Cap. 310 where an intermediary is deemed to be an agent for the insured with respect to the collection of premiums. Insurance brokers should segregate in a separate account insurance premiums collected and held in trust for the insurance company as per the FSC’s information circular of March 6, 2015.
4. Any premiums collected by insurance brokers should be remitted to insurers within fifteen (15) days of receipt or such time as agreed between the parties. Where any premiums for clients of insurance brokers are paid directly to insurers, the broker agreement should stipulate the time period for payment of commissions.

5. Guideline #8 provided entities with a six (6) month grace period to enter into the agreements and that time period has now passed. The FSC therefore expects that the agreements are in place.
6. The FSC wishes to advise that its regulatory units and onsite examination teams will be conducting supervisory checks to ensure that licensed entities are adhering to Guideline #8. Non-compliance with the guideline could result in further regulatory action being taken against licensed entities.

Registered entities that have any queries regarding Guideline #8 or this reminder circular can contact the FSC for clarification. The FSC expects full compliance from all licensed entities.

A handwritten signature in black ink, appearing to be 'JdL', is written over a horizontal dotted line.

Randy Graham
Chief Executive Officer