

GUERNSEY FINANCIAL SERVICES COMMISSION

CODE OF MARKET CONDUCT

FOR BROKERS OPERATING OUTSIDE OF THE BAILIWICK OF GUERNSEY, INTRODUCING BUSINESS TO GUERNSEY LICENSED INSURERS

The Guernsey Financial Services Commission (the Commission), a statutory body established in 1988 by the States (Parliament) of Guernsey, is the regulator of finance business in the Bailiwick of Guernsey (the Bailiwick).

The Commission does not seek to regulate insurance activity outside the Bailiwick. The Commission also acknowledges that insurers in the Bailiwick are not responsible for the conduct of a broker to whom it has granted terms of business. The following code provides a common business guideline for independent brokers operating outside the Bailiwick and introducing business to Guernsey licensed insurers.

An independent broker shall:

1. make it expressly clear to his client that he is acting as their agent and not for, or on behalf of, the insurer. He must state that he represents an independent brokerage and advises clients on their insurance requirements and / or arranges contracts of insurance between his clients and insurers.
2. comply with the terms of agreement he holds with the insurer and at all times conduct business with utmost good faith and high standards of integrity, exercising due skill, care and diligence when dealing with his clients.
3. ensure as far as possible that the policy proposed is suitable for the needs and financial position of the prospective policyholder with the help of a properly completed fact find document. If the client refuses to complete a fact find, this must be recorded and signed by the client.
4. use his best endeavours to explain the principal terms of any contract of insurance recommended by him, and to generally make a full and frank disclosure of any matter which may affect his clients' decisions.
5. in order to be able to advise a client correctly, ensure that he has sufficient knowledge of the legislation (including taxation legislation) affecting the products the client already owns or is considering purchasing. If he is unable to advise a client then he should inform the client and, if possible, refer the client to a person who can give him appropriate advice.

6. not advise a client to convert, allow to lapse, cancel or surrender any long term insurance contract unless he can demonstrate the action to be in the best interests of the policyholder.
7. not act in any way which is contrary to the terms agreed with the insurer.
8. when a client is completing a proposal form or any other document, ensure, as far as possible, that all material facts are accurately and properly disclosed, making it clear to the client that all answers or statements are the client's own responsibility. If the financial adviser completes the proposal form on behalf of the client then the client must be asked to check the details before signing the form.
9. comply with the anti-money laundering/countering the financing of terrorism standards provided by the insurer and drafted in accordance with Guernsey's statutory requirements.
10. in cases where the Guernsey insurer is a branch of an insurer licensed in another jurisdiction, make this clear to the client.
11. advise the client what policyholder protection arrangements (if any) are applicable to the contract.