



Guernsey Financial
Services Commission

CODE OF CONDUCT FOR AUTHORISED INSURANCE REPRESENTATIVES

Code of Conduct for Authorised Insurance Representatives

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Principles of Conduct of Finance Business

1. Integrity

A licensee should observe high standards of integrity and fair dealing in the conduct of its business.

2. Skill, Care and Diligence

A licensee should act with due skill, care and diligence towards its customers and counterparties.

3. Conflicts of Interest

A licensee should either avoid any conflict of interest arising or, where a conflict arises, should ensure fair treatment to all its customers by disclosure, internal rules of confidentiality, declining to act, or otherwise. A licensee should not unfairly place its interests above those of its customers and, where a properly informed customer would reasonably expect that the firm would place his interests above its own, the firm should live up to that expectation.

4. Information about Customers

A licensee should seek from customers it advises or for whom it exercises discretion any information about their circumstances and investment objectives which might reasonably be expected to be relevant in enabling it to fulfil its responsibilities to them.

5. Information for Customers

A licensee should take reasonable steps to give a customer it advises, in a comprehensible and timely way, any information needed to enable him to make a balanced and informed decision. A licensee should similarly be ready to provide a customer with a full and fair account of the fulfilment of its responsibilities to him.

6. Customer Assets

Where a licensee has control of or is otherwise responsible for assets belonging to a customer which it is required to safeguard, it should arrange proper protection for them, by way of segregation and identification of those assets or otherwise, in accordance with the responsibility it has accepted.

7. Market Practice

A licensee should observe high standards of market conduct, and should also comply with any code of standard as in force from time to time and issued or approved by the Commission.

8. Financial Resources

A licensee should ensure that it maintains adequate financial resources to meet its finance business commitments and to withstand the risks to which its business is subject.

9. Internal Organisation

A licensee should organise and control its internal affairs in a responsible manner, keeping proper records, and where the firm employs staff or is responsible for the conduct of finance business by others, should have adequate arrangements to ensure that they are suitable, adequately trained and properly supervised and that it has well-defined compliance procedures.

10. Relations with Guernsey Financial Services Commission

A licensee should deal with the Commission in an open and co-operative manner and keep the regulator promptly informed of anything concerning the firm which might reasonably be expected to be disclosed to it.

1. Introduction

- 1.1. This Code of Conduct for Authorised Insurance Representatives (“the Code”) is an extension of the Principles of Conduct of Finance Business, which were issued by the Commission in February 1991. The Principles of Conduct of Finance Business must be observed by *authorised insurance representatives* at all times.
- 1.2. No Code of Conduct can be exhaustive in all circumstances. In areas where the Code is not specific, insurance representatives should be guided by the Code’s underlying spirit.
- 1.3. Lack of mention in the Code of a particular act or omission shall not be taken as indication that such an act or omission constitutes acceptable professional conduct.
- 1.4. Acts of gross negligence or repeated acts of negligence may amount to unprofessional conduct and may be investigated by the Commission. Nevertheless, claims against *authorised insurance representatives* and their principals or employees for compensation arising from acts or omissions amounting to negligence are matters for determination by the Courts.
- 1.5. A person shall not use the term “*authorised insurance representative*” unless authorised to do so by their licensed principal or employer.
- 1.6. This code is designed for compliance by all *authorised insurance representatives* advising on general insurance and *long term pure protection products* in or from the Bailiwick of Guernsey and those advising on Guernsey policies outside the Bailiwick of Guernsey.

2. Interpretation

For the purposes of this Code:

“authorised insurance representative” means an individual authorised in accordance with section 16 of *the Law*;

“the Law” means the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002

“licensee” mean the regulated entity that has authorised the *authorised insurance representative*

“long term pure protection” means long term business (as defined in Schedule 1 to *the Law*) where the benefits are not determined by reference to –

- a) the value of, or the income from, property of any description, or,
- b) fluctuations in, or an index of, the value of property of any description;

“other relevant legislation or Code of Conduct” means any legislation enacted to enable the Commission to supervise the carrying on of insurance business. Other codes of conduct include Codes of Conduct of professional bodies that *authorised insurance representatives* may belong to, for example, the Institute of Actuaries;

3. General principles

- 3.1. An *authorised insurance representative* shall:
 - 3.1.1. comply with all applicable laws, regulations, rules, codes, guidance, principles and instructions when dealing with clients.
 - 3.1.2. in the conduct of his business, provide advice objectively and not act in any way which is contrary to this Code or any *other relevant legislation or Code of Conduct* or practice;
 - 3.1.3. whenever possible, make an appointment before visiting a client;
 - 3.1.4. where unsolicited calls are unavoidable, yet deemed to be in the client's best interests, ensure that they are made at an hour likely to be convenient to the client;
 - 3.1.5. When making contact with prospective clients, for the purpose of marketing or advising on insurance business, the authorised insurance representative shall identify himself at the start of the call and explain the genuine purpose of the call;
- 3.2. Prior to providing advisory services to a client, an *authorised insurance representative* shall:
 - 3.2.1. make it known that he represents a regulated entity who assumes responsibility for his conduct while advising clients on their insurance requirements and/or arranging contracts of insurance between insurers and their clients;
 - 3.2.2. disclose to the client in writing the classes of insurance and products upon which he is authorised to provide advice;
 - 3.2.3. disclose to the client in writing the range, scope and any limitations in the product providers and/or products upon which he is able to provide advice;
 - 3.2.4. fully explain to the client any involvement in conditional selling;
 - 3.2.5. give advice only on those matters in which he is competent and shall seek or recommend specialist advice where necessary;
 - 3.2.6. not use or disclose any information acquired from his clients except in the normal course of negotiating, maintaining or renewing a contract of insurance, or in handling a claim for a client, unless the written consent of the client has been obtained beforehand or disclosure of the information is required in the public interest or is compelled by law;
 - 3.2.7. not inform the client that his name has been provided by another person without that person's consent, and shall disclose that person's name if requested to do so by the client; and
 - 3.2.8. for the purpose of selling insurance, not use or disclose any information acquired from any record of the licensed insurer or licensed insurance intermediary or a related party of any of the above, obtained for a purpose other than one specifically designed in

connection with the provision of insurance by that licensed insurer or licensed insurance intermediary unless with the written permission of the client.

4. Assessing suitability

4.1. An *authorised insurance representative* shall:

- 4.1.1. at the outset of its provision of advisory services to a client, ensure that he has obtained and recorded sufficient knowledge of the client's circumstances and understanding of their objectives to ensure that any advice is suitable to the needs and wishes of the client;
- 4.1.2. ensure as far as possible that the policy proposed is suitable for the needs and financial position of the prospective policyholder.

5. Policy recommendation

5.1. Prior to the inception (or any other material change to a contract of insurance including cancellation) of a contract of insurance, the *authorised insurance representative* shall:

- 5.1.1. use his best endeavours to explain the principal terms of any contract of insurance recommended by him, and generally to make full and frank disclosure of any matter which may affect the client's decisions;
- 5.1.2. draw the client's attention to any conditions, warranties or exclusions in the proposed contract of insurance which may affect the client's decision or result in the avoidance of the policy or repudiation of a claim;
- 5.1.3. where a choice of insurer is available to the *authorised insurance representative*, use his judgement objectively in the best interests of his clients;
- 5.1.4. not make inaccurate or unfair criticisms of any financial institution;
- 5.1.5. not make comparisons with any other types of policies unless he clarifies the differing characteristics of each policy;
- 5.1.6. explain the consequences of missed premiums;
- 5.1.7. 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 *authorised insurance representative* completes the proposal form on behalf of the client then the client must be asked to check the details before signing the form. The client should be informed that non-disclosure of material facts or the inclusion of incorrect information may result, inter alia, in a claim being repudiated. On request, a client shall be supplied with a copy of the proposal form or other relevant documentation;
- 5.1.8. explain that there will be an opportunity for the policyholder to cancel or withdraw from the contract and during what period he will be able to exercise this option; and

- 5.1.9. inform the client of the name of each insurer with whom a policy is placed. This information shall be given whenever possible prior to the inception of the policy and any changes thereafter shall be advised at the earliest opportunity to the client.

6. Post inception principles

- 6.1. During the term of an insurance contract, the *authorised insurance representative* shall:
 - 6.1.1. ensure that evidence of cover and the basis of payments are provided to the client at the commencement of risk and again on any renewal or as soon as is reasonably practicable;
 - 6.1.2. not withhold any written evidence or documentation relating to the contract of insurance from the policyholder;
 - 6.1.3. pass on to the *licensee* all information regarding claims or incidents which might give rise to claims, and give reasonable assistance to the client in pursuing a claim;
 - 6.1.4. if the policyholder advises him of an incident that might give rise to a claim, inform the insurer without delay and thereafter give prompt advice to the policyholder of the insurer's requirements concerning the claim, including, as soon as possible, the provision of information required to establish the nature and extent of the loss. Information received from a policyholder shall be passed to the insurers without unreasonable delay;
 - 6.1.5. disclose in writing all additional charges related to the provision of intermediary services, including but not limited to administration fees and duplicate document charges;
 - 6.1.6. have proper regard for the wishes of a client who seeks to terminate any agreement;
 - 6.1.7. not advise a client to convert, replace, allow to lapse, or cancel any insurance contract unless he can demonstrate the action to be in the best interests of the policyholder; and
 - 6.1.8. where applicable, forward an insurer's renewal invitation to the policyholder promptly and not withhold any written evidence or documentation relating to the policy of insurance without adequate and justifiable reasons being disclosed to the policyholder.

7. Additional requirements for long term pure protection products

- 7.1. *Authorised insurance representatives* advising on *long term pure protection* products shall, in addition to complying with sections 3, 4, 5 and 6, adhere to the following:
 - 7.1.1. In order to be able to advise a client correctly, the *authorised insurance representative* should 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;

- 7.1.2. The *authorised insurance representative* shall 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. If such action is advised then the advice should be fully documented;
- 7.1.3. take all reasonable steps to obtain and record information from the client concerning the personal and financial circumstances of that client necessary to give suitable advice;
- 7.1.4. if a policy is sold on an execution only basis, confirm to the client, in writing, that the client did not seek any advice from and was not given any advice by the *authorised insurance representative*; and
- 7.1.5. disclose in writing to the client the amount or percentage of remuneration that the *licensee* will receive as a result of the sale or variation of a *long term pure protection product*.

8. Breach of code

- 8.1. If an *authorised insurance representative* breaches any part of this Code he must immediately inform the *licensee*.