

GUERNSEY FINANCIAL SERVICES COMMISSION

**THE INSURANCE BUSINESS
(BAILIWICK OF GUERNSEY) LAW, 2002, as amended**

**CODE OF CONDUCT
FOR INSURERS CONDUCTING LONG-TERM BUSINESS**

PREAMBLE

This Code of Conduct is an extension of the Principles of Conduct of Finance Business which were issued by the Guernsey Financial Services Commission (the Commission) in February 1991. The Principles of Conduct of Finance Business must be observed by insurers at all times.

This Code is designed for compliance by long-term insurers who provide insurance products in or from Guernsey, Alderney, Herm, Jethou and Sark (the Bailiwick) and have introducer terms with non-Guernsey authorised intermediaries operating outside of the Bailiwick. It provides a Code to be complied with in the granting of terms of business to non-Guernsey authorised independent brokers for the purpose of advising on insurers' products outside of the Bailiwick.

To the extent that it is practicable, the Code also aims to ensure that independent brokers are aware of, and comply with, the principles of market conduct that insurers in the Bailiwick expect to be followed when introducing their products to third parties.

No Code of Conduct can be exhaustive in all circumstances. In areas where the Code is not specific, insurers should be guided by the Code's underlying spirit.

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. Acts of gross negligence or repeated acts of negligence may amount to unprofessional conduct and may be investigated by the Commission. Nevertheless, claims against insurers or their employees for compensation arising from acts or omissions amounting to negligence are matters for determination by the Courts.

A GENERAL PRINCIPLES APPLICABLE TO INSURERS

1. A licensed insurer ("an insurer") will have senior personnel who are fit and proper for their roles and have the knowledge, skills and integrity suitable for their positions.

2. An insurer will provide the Commission with a completed Personal Questionnaire for its senior personnel.
3. An insurer will act with due care and diligence in conducting its business activities and will at all times act honestly and in a direct manner.
4. An insurer will have in place a fair dealing policy.
5. An insurer will deal with the Commission in an open and co-operative way.
6. An insurer will have in place a system of complaints handling, which will be well-disclosed, easily accessible and complaints will be dealt with in a simple and equitable manner.
7. An insurer will maintain a complaints register in which is noted details of complaints commencing with the first notification.
8. An insurer will ensure that adequate records of information received from and provided to a client are maintained.
9. Client records will be maintained for the period within which claims can be brought against the licensee in accordance with any prevailing prescription period.

B PRINCIPLES OF GRANTING TERMS OF BUSINESS

Aim: To ensure that insurers will take all reasonable steps to confirm that the brokers to whom they grant terms of business are fit and proper.

1. An insurer will have in place a documented procedure for the appointment of a new broker.
2. An insurer will require an application form and a terms of business agreement to be completed and signed by the broker applying for introducer terms.
3. The application form will require the applicant to disclose certain facts about itself, and as a minimum, the insurer shall insist that the following information about the applicant, its directors, principals and partners is provided -
 - (a) for individuals or partnerships, a certified copy of a passport or ID document,
 - (b) his registered business address,

- (c) his home contact details,
 - (d) his experience and qualifications,
 - (e) details of any bankruptcy, past or present,
 - (f) details of any declination, cancellation or suspension of an application or agreement,
 - (g) details of any criminal convictions,
 - (h) his personal and professional references,
 - (i) his bank account details and references.
4. The terms of business agreement will, as a minimum, require the applicant to warrant the following -
- (a) the introduction of business to the insurer pursuant to the agreement does not breach any other legal obligation or laws of any competent authority in any relevant jurisdiction,
 - (b) he will at all times observe the conditions of the agreement,
 - (c) he will at all times act only as the agent of the proposer and not for or on behalf of the insurer,
 - (d) he will at all times maintain every obligatory licence, authorisation and registration and comply with or procure compliance by his officers and agents (as the case may be) with all applicable laws and regulations of jurisdictions where they operate,
 - (e) he has read and understood and will comply with the anti-money laundering guidelines provided by the insurer,
 - (f) he will comply with all anti-money laundering/countering the financing of terrorism laws, regulations, instructions, guidance or rules issued from time to time by the Commission,
 - (g) he has read and understood and will comply with the code of market conduct for independent brokers that the insurer, as a minimum, expects to be followed in the course of introducing its products to third parties.
5. The insurer will monitor the performance of the broker upon criteria,

including but not limited to -

- (a) quality of business,
- (b) anticipated and actual levels and patterns of business,
- (c) persistency of the business,
- (d) complaints, and
- (e) financial exposure to the broker applying for introducer terms.