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# Intermediary Seminar

## 18 December 2007

Diane Colton  
Director of Insurance



## Intermediary Sector 2007

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31/12/06	48
Licensed	2
Withdrawal	1
Surrendered	2
Pipeline Cases	10
18/12/07	48

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# RATS

# Retirement Annuity Trust Schemes (RATS)

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- Increased focus on and marketing of RATS since NU decision to withdraw from the Guernsey pensions market.
- Concerns have been expressed both from across all of the regulatory divisions of the Commission and parts of the finance sector about promotion and administration of RATS.

Areas of particular concern are:

- Suitability and quality of advice
- Issues of disclosure of fees, commissions, charges and conflicts of interest
- Investment expertise



## Position Paper and Working Party

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- The Commission has prepared a Position Paper.
- Working Party to be established.



# St James Global Limited

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## Background

- Licensed Intermediary.
- Commission notified of suspicious claim made by Coutts on company motor policy.
- Request to surrender licence just prior to pre-arranged on-site visit.
- On-site went ahead, resulting in the following concerns:
  - No plans for clients (and unable to provide an accurate list)
  - Unable to confirm financial position
- Coutts arrested for attempted deception.



# St James Global Limited

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## Regulatory Action

- Conditions imposed restricting business and payments following Coutts' arrest.
- Warrant executed to search for client records and financial information.
- Assets of St James Global and Coutts frozen due to concerns over mixing of company and personal assets.
- Applied to Royal Court for compulsory winding up of St James Global.
- Applied to Royal Court for director disqualification against Coutts.



# St James Global Limited

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## Results

- Coutts sentenced to 13 months imprisonment for attempted deception and failing to answer bail.
- Coutts declared "en desastre".
- St James Global placed into liquidation.
- Liquidator investigations found further suspicious transactions.
- Coutts disqualified from acting as a director for 11 years.





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# Intermediary Seminar

## 18 December 2007

David Quick  
Senior Analyst - Insurance



## Responsibilities of the Compliance Officer

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Appointment of a Compliance Officer will be a requirement under the new Law to be introduced early next year

- Maybe client facing -procedures must address actual and/or potential conflicts of interest which this may give rise to.
- Maybe non- client facing.
- Maybe outsourced.
- In each case reports directly to the Board of Directors as a whole – not just to an individual director.



# Responsibilities of the Compliance Officer

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What are the responsibilities of a Compliance Officer?

They include, but are not limited to:

- Assisting the Board in formulating processes and procedures that comply with the Law and associated regulations.
- Introducing and explaining those processes and associated regulations to the operational staff.
- Ensuring that the internal guidelines pertaining to the business, and the regulatory regime are complied with.
- Reporting breaches to the Board.
- Keeping the Board informed of impending changes in regulatory requirements.
- Ensure changes are made to internal procedures to comply with new regulatory requirements.



## Responsibilities of the Compliance Officer

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The Board of Directors :-

- Have responsibility for Regulatory compliance.
- Can delegate the function , but not the responsibility.
- Should define the powers and scope of the Compliance Officer's responsibilities.
- Must accept full responsibility for any limitations placed on the scope of the Compliance Officer's activities.



## Responsibilities of a Compliance Officer

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- The potential scope of a Compliance Officer's responsibilities are set out in the checklist on the following slides.
- The list is not intended to be exhaustive but is a compilation of checklists seen during our on-site visits: -
- The frequency of the checks will vary with the type and size of your business- except where required by Law e.g. Annual Returns, Management Accounts
- The frequency keys A= Annual, M=Monthly, W=Weekly, D= Daily, E = Event Driven are examples only R= Regularly



# Checklist

Item	Action	Frequency
<b>Share Holders</b>	Changes notified to GFSC (over 15% for approval)	E
	PQs submitted	E
<b>Directors</b>	Leavers notified to GFSC	E
	Proposed Joiners notified to GFSC for approval	E
	PQs submitted	E
	Conflicts of Interest reviewed	
	Standing and experience reviewed	
	Board skill set reviewed	
	PQ s up to date	
<b>Auditor</b>	Changes notified(with reasons)	E
<b>Registered Office</b>	Changes notified	E
<b>Solvency</b>	MinimumCapital Requirement £25k	D
	Management Accounts Prepared	Q
<b>Disaster Recovery</b>	Business Continuity Plan reviewed	A
	Tested	A
	Premises ( Suppliers of Services)List	
	Personnel ( Contact details) List	A



# Checklist

Item	Action	Frequency
<b>Mandatory Insurance</b>	Professional Indemnity, Employers Liability, Motor	
	Level is adequate for the activities undertaken	M
	Satisfies minimum regulatory requirements for PI	
	Compliance with PI disclosure requirements	
	All activities covered	M
	All jurisdictions of activity covered	A
	Deductible acceptable - able to meet deductible at all times	W
	Exclusions / Warranties acceptable	A
	Reviewed /renewed	A
<b>Other Insurance</b>	Commercial Combined, Office, Directors & Officers	
	Reviewed /renewed	A
<b>Procedure Manuals</b>	Reviewed & Updated to reflect current practice	R
	GFSC website visited - current issues, legal updates etc	R
<b>Training &amp; Competence</b>	Staff - CPD Returns checked	M
<b>Complaints</b>	Check Register	W
	All complaints recorded	
	Prompt acknowledgement	E
	Prompt resolution	
	Not resolved in 30 days-Advised re GFSC	E+30
	Board aware	
	GFSC advised if not resolved within 90 days	E+90



# Checklist

Item	Action	Frequency
<b>Money Laundering</b>	Check MLRO records & reports	
	AML Procedure Manual reviewed and updated	
	KYC/CDD on every file	
	KYC/CDD checklist reviewed /updated	
	KYC/CDD new staff	E
	Training for AIR'S	A
	Training for AIRs recorded as CPD	E
	Review Product /Client Risk Matrix	A
<b>Data Protection</b>	Training for AIR's	A
	Training recorded as CPD	E
	Regular Password changes	
	Access Level Review	A
	Keyholders List updated	
	Daily Back up	D
	Discs/Tapes/ Sticks Offsite	D
<b>Compliance</b>	This checklist reviewed	A
	Report to Board	M
	AIRs Leavers & Joiners notified	E
	AIRs signed up to Code of Conduct	E
	Review Product/Client Risk matrix	
	Review frequency and % of file review per AIR	
	Terms of Business Agreements with Suppliers(insurance)	
	Regulated status of suppliers	A
<b>Money Handling</b>	Brokerage Account separate from Business account	
	Reconciliation Commission/ net premium	M
	Bank mandate signatures& sign off limits for Outgoings	M
	Risk Transfer TOBAs	
<b>Accounts/Licensing</b>	Notify Change to year end to GFSC( approval)	E
	Submit Annual return ( see GFSC checklist)	y/e +6 mos
	GFSC Fees paid	January
	Licence displayed	D
	Licence covers current categories	D





# Checklist

Item	Action	Frequency
<b>Claims Files</b>	Prompt Processing Client/insurer KYC/CDD recipients/third parties	
<b>File review</b>	Fact find/ proposal present complete & signed KYC/CDD documentation certified & signed Recommendation /Reasons Why Letter ( Closing old) Terms of Business Agreement present & signed Evidence of acceptance Recommendation /Reasons Why Letter ( opening new) Evidence of Acceptance Evidence of peer review Renewal Terms to Client "in good time" Clear statement of cost& fees to client Significant or unusual exclusions notified to client Prompt issue of policy documents/evidence of cover Premium Collected or payment terms deposit etc Next renewal diaried MLRO referrals where appropriate	
<b>Treating Customers Fairly</b>	Review staff remuneration policy	
<b>Conflicts of Interest</b>	Commission disclosure policy Review fees basis	
<b>Adverts</b>	Checked against GFSC guidelines "Licensed by GFSC" Claims can be substantiated	E E E



## Responsibilities of a Compliance Officer

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- The checklist illustrated is available as an Excel spreadsheet should you wish to adapt and adopt it for your own business
- In the course of the year, the Commission have recognised some examples of good practice in the reporting of the appointment and resignation of Authorised Insurance Representatives, the recording of Continuing Professional Development (CPD) and the reporting of complaints.
- These examples are reproduced on the following slides and are available electronically should you wish to adapt and adopt them for use in your own business.



# Appointment and Resignation of AIRs

<b>INTERMEDIARY NAME</b>	
<b>AIR</b>	
<b>Surname</b>	
<b>First Name(s)</b>	
<b>Date of Birth</b>	
<b>Qualifications (if applicable)</b>	
<b>Previous employer ( if applicable)</b>	
<b>Date of Appointment</b>	
<b>Date of Authorisation ( if different)</b>	
<b>Categories Authorised</b> e.g.General Insurance/Long Term	
<b>Date of Leaving</b>	
<b>Comments:</b> e. g Reasons for Leaving / Any regulatory concerns?etc	





# Complaints Update

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## COMPLAINTS UPDATE REPORT

Intermediary Name

Outstanding Complaint over 90 Days

Date Received	Customer Name	Complaint Type*	Present Position	Resolution/Compensation

\* e.g. Endowment Shortfall\*\*, Investment Performance, Service Level

\*\* For Endowment please include policy inception date



## Fees for 2008

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- A timely reminder that those of you with a financial year end of 31 December need to get your estimated 2007 brokerage turnover to us before the end of January 2008.
- Failure to do so will mean you having to pay the maximum of £ 4790
- There will be no refunds if you miss the deadline

Happy Christmas and a Prosperous New Year

