

INSURANCE COMMISSION OF THE BAHAMAS

POLICY

SALESPERSONS - OUTSTANDING FUNDS

I. STATEMENT OF OBJECTIVE

The objective of this policy issued by the Insurance Commission of The Bahamas (“the Commission”) is to address matters related to registered insurance salespersons who leave their sponsoring company owing debit balances and/or failing to turn over premiums.

II. INTRODUCTION

Salespersons are required by legislation to renew their registration annually. It was the practice of the department under the former Office of the Registrar of Insurance Companies to withhold the registration if an ex-agent report was received with an adverse report for a) debit balance and b) failure to turn over client premiums. In either situation there would have been a thorough investigation and the registration would only be renewed if a) the salesperson agreed with their former employer to settle the debit balance and agreement was signed, or b) the report of failure to turn over premiums was false and or no proof was submitted.

The new legislation requires notification of the termination of agents, chief executives, technical representatives and salespersons. Form 12-Part A must be completed by the person terminated and Form 12-Part B must be completed by the company. These forms are in the Insurance (General) Regulations, 2010 (“the Regulations”) and are in accordance with section 129(2) of the Insurance Act, 2005 (“the Act”).

The Commission has conducted research and consultation on these matters and as a result has now issued a policy for salespersons with outstanding funds with a view to the issuance in the near future of broader guidelines relating to the registration requirements for salespersons. This policy will assist with the renewal process for salespersons and aid in the Commission’s mandate to regulate the insurance industry and protect the policyholder.

III. REGULATORY POLICY

1: All long term insurance companies, brokers, agents and sub-agents must give the Insurance Commission notice in writing where a registered salesperson is entering new employment with their company. **Section 129(2), Insurance Act, (IA)**

- The submission of the notice is mandatory. **Insurance (General) Regulations, First Schedule, Form 13**
- Notice must be submitted by the new employer (Form 13). **Section 129(2), IA**
- Notice must be submitted within 30 days of employment of the registered salesperson.

2: All long term insurance companies, brokers, agents and sub-agents must give the Insurance Commission notice in writing where the engagement of a salesperson is terminated. **Section 129(2), IA**

- The submission of the notice is mandatory. **Insurance (General) Regulations, First Schedule, Form 12, Parts A & B**
- Notice must be submitted by the employee (Form 12, Part A) and the previous employer (Form 12, Part B). **Section 129(2), IA**
- Notice must be submitted within 30 days of termination/resignation.
- All outstanding funds must be declared by both the employee and the employer.
- A report of a salesperson’s failure to turn over premiums or outstanding debit balance must be accompanied by supporting documentation.

INSURANCE COMMISSION OF THE BAHAMAS

POLICY

SALESPERSONS - OUTSTANDING FUNDS

3: Upon renewal of the salesperson's registration, any outstanding funds relating to the prior employment of the salesperson will be taken into consideration by the Insurance Commission to determine good character. **Section 123(1)(e)(i), IA**

- All reports of failure to turn over premiums under prior employment will be investigated by the Commission.
- A salesperson's registration will not be renewed where there is prima facie evidence of failure to turn over premiums under prior employment.
- All reports of outstanding debit balances under prior employment will be subject to investigation by the Commission.
- A salesperson's registration may be renewed, at the discretion of the Commission, where there is prima facie evidence of an outstanding debit balance under prior employment.
- The repayment of outstanding debit balance under prior employment will be monitored by the Commission.

4: In cases where long term insurance companies, brokers, agents, sub-agents and salespersons do not comply with these principles, they will be subject to fines and other penalties as prescribed under the Insurance Act – **Sections 237& 238, IA**