

# INTERMEDIARIES RENEWAL & RE-REGISTRATION



THE INSURANCE COMMISSION  
OF THE BAHAMAS

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# INTERMEDIARIES RENEWAL & RE-REGISTRATION

## SESSION 1

## DISCLAIMER

Your attendance at this briefing *DOES NOT* preclude you from reading the Insurance Act and Regulation. It is all licensees responsibility to have knowledge of the applicable laws including the Insurance Act and subsidiary legislation and to keep abreast with amendments thereto.

# AGENDA

- ❖ **INTRODUCTION**
  
- ❖ **SALESPERSON**
  - Definition
  - Re-Registration
  - Re-Registration Documents
  
- ❖ **SUB-AGENT**
  - i. **CATEGORY 1 (SOLE PROPRIETOR) (Amendments)**
  - ii. **CATEGORY 2 (CORPORATE) Amendments)**
  - Definition
  - Re-Registration Requirements
  - Re-Registration Documents
  
- ❖ **AGENT**
  - Definition
  - Re-Registration Requirements
  - Re-Registration Documents
  
- ❖ **BROKER**
  - Definition
  - Re-Registration Requirements
  - Re-Registration Documents

# INTRODUCTION

- ▶ The Re-Registration exercise is one mandated by Section 27, of the Insurance Act, 2005. All licencees will have to Re-register by the 30<sup>th</sup> September, 2011. This exercise allows for licencees to submit and comply with the changes made to regulatory submissions and capital adequacy.
- ▶ Re-Registration is not be confused with the Annual Renewal, as it is a one time exercise. Renewal dates will not change as a result of Re-Registration, however licencees must ensure that their licence is current in order to Re-Register.

# INTRODUCTION

- ▶ There have been changes made to the Regulations which have not been gazetted and will be available on the ICB website ([www.icb.gov.bs](http://www.icb.gov.bs)). We will outline in this presentation the recent amendments, re-registration requirements, the new classes of intermediaries (Adjuster, Consultants & Technical Representative) to be regulated by the ICB and Renewal requirements.
- ▶ It is important to note that persons who do not re-register by 30<sup>th</sup> September, 2011 will be taken off ICB's Register and a list of all Re-Registered licensees will be published in the local newspapers and on ICB's website.



# INTRODUCTION

All licences will have to re-register, this includes, Salesperson, Agents, Sub-Agents and Brokers. After September 30<sup>th</sup>, 2011 the ICB will be Registering and regulating Adjusters and Consultants. The regulation of Third Party Administrators have not been addressed and the ICB will do so at a later date.

Please note that the definition of a Technical Representative (TR) has been included in this presentation so that you can note the difference between them and a salesperson. At re-registration all TR's will be submitted on Form 4 and the ICB is currently working on new guidelines for this category and will address them at a later date.

# INTRODUCTION

Another change to note is the Sub–Agents Category which has been broken into Two groups: (a) Sole Proprietor and (b) Corporate.

We will have a Frequently Asked Questions (FAQ) section on the ICB website which will be useful and will provide information on all changes to the Regulations and new developments. We encourage everyone to use the website and feel free to leave comments or submit queries.



# SALESPERSON

## DEFINITION:

**“Salesperson” means a licensed individual engaged by either a registered insurer or registered insurance intermediary to sell insurance products, and whose primary responsibility is to solicit applications relative thereto;**

## SALESPERSON – RE-REGISTRATION REQUIREMENTS

- 1) Revised application
- 2) Sponsor letter
- 3) Salespersons shall be registered in one of two categories
  - (a) Category 1: Tied, Employed or Exclusive
  - (b) Category 2: Commissioned – *(The Insurance (General) Regulations, 2010, 117)*
- 4) Additional submissions upon review of file

## SALESPERSON – SPECIAL NOTES

The Insurance (General) Regulation , 2010, 124 &126, specifically outlines how many Registered Licencees, Salespersons can work for at any one time and the requirements for Long Term and General licencees respectively;

### **124. Use of sales force.**

With regard to the utilization of salespersons —

- (a) life and health insurance companies shall continue to utilize their own —Tied|| or —Commissioned|| sales forces, of which each member must be registered by the Commission;
- (b)property and casualty insurance companies may only sell their products through registered agents, sub-agents, and brokers;
- (c)registered agents, sub-agents, and brokers selling property and casualty insurance products may utilize —Tied||, —Employed|| or —Commissioned|| salespersons, and such salespersons must be registered by the Commission.

### **126. Salespersons registered to one insurer etc.**

No salesperson shall be registered under the Act to solicit or sell products for more than one insurer (long-term), broker, agent or sub-agent at any one time.

## SUB-AGENT(CATEGORY 1) SOLE PROPRIETOR

### DEFINITION:

Sub-Agent (Category 1) – An individual producing annual commissions of Two Hundred and Fifty Thousand dollars (\$250,000) or less and is sponsored by a registered agent in accordance with section *123 (3) of The Act*;

## SOLE PROPRIETOR – RE-REGISTRATION REQUIREMENTS

- 1) Ensure that the corporate name of the entity, include the words 'Insurance' or 'Assurance' as the case may be.
- 2) This category can only represent (i) One agent that is licenced to sell only long term insurance and (ii) one agent that is licenced to sell only general insurance OR (iii) One agent that is licenced to sell both long term and general insurance
- 3) There is no capital requirement for this category at this time.

## SOLE PROPRIETOR – RE-REGISTRATION REQUIREMENTS

- 4) Must keep proper books and records, with respect to policies issued or renewed. These records must be completed no later than Twenty-One (21) days after the end of the month – *The Insurance (General) Regulations, 2010, 138*
- 5) Accounts shall be reviewed and not audited by an auditor and the date of the fiscal year end submitted



## SOLE PROPRIETOR – RE-REGISTRATION DOCUMENTS

- 1) Form 3 of the First Schedule (Part A )re-registration application (must be notarised).
- 2) Non refundable *re-registration* fee of \$100
- 3) List of salespersons and technical officers Form 4
- 4) Business plan
- 5) Biographical Affidavit Form(Must be notarised)

## SUB-AGENT(CATEGORY 2) CORPORATE

### DEFINITION:

**Corporate Sub -Agent - A company producing annual commissions in excess of Two hundred and fifty thousand dollars(\$250,000) and is sponsored by a registered agent in accordance with section 123 (3) of The Act;**

## CORPORATE – RE-REGISTRATION REQUIREMENTS

- 1) Capital Requirement of \$5,000. (See Regulation 99)
- 2) All Salespersons must be re-registered
- 3) This Category can represent only (i) One agent that is licenced to sell only long term insurance and (ii) ONLY represent one agent that is licenced to sell only general insurance OR (iii) One agent that is licenced to sell both long term and general insurance
- 4) Must keep proper books and records, with respect to policies issued or renewed. (*The Insurance (General) Regulations , 2010, 138*)
- 5) The Fiscal Year end date must be submitted and pursuant to section 58 (1) of the Act, the accounts required under regulation 139 shall be audited by an by licence auditor. A copy of the audited accounts, balance sheet and profit and loss account of the business for that financial year shall be submitted to the Commission - not due until April 30<sup>th</sup>, 2012.

## CORPORATE – RE-REGISTRATION – DOCUMENTS

- 1) Re-Registration Form 3 of the First Schedule (Part C)
- 2) List of salespersons and technical officers (See Form 4)
- 3) Biographical Affidavit Form
- 4) Business Plan
- 5) Formal submission of name of Auditor
- 6) Non refundable Re-Registration fee of \$100

## AGENT (AGENCY)

- DEFINITION:

**‘Agent means a corporate body appointed by a registered insurer and not being an employee of the insurer, who solicits applications for insurance, collects money by way of premiums and acting in accordance with the relevant agency agreement, may bind the registered insurer for whom they act in the issue of insurance coverage.’**

# AGENTS – RE-REGISTRATION REQUIREMENTS

- 1) **Capital Requirement is \$30,000** – (The Insurance (General) Regulation, 2010, 98)
- 2) **Ensure that the corporate name of the entity, shall include the words ‘Insurance’ or ‘Assurance’ as the case may be.**  
*(The Insurance (General) Regulation, 2010, 119)*
- 3) **Professional indemnity, fidelity or errors and omissions insurance cover** – *(Insurance (General) Regulation, 2010, 105 & 106)*
- 4) **All Salespersons must be Re-registered**



## AGENT – RE-REGISTRATION REQUIREMENTS

- 5) May represent a **MAXIMUM** of 5 general insurers and 3 long-term insurers – *(The Insurance (General) Regulation, 2010, 123 (3))*
- 6) Pursuant to section 58 (1) of the Act, the accounts required under regulation 139 shall be audited by a approved auditor. A copy of the audited accounts, balance sheet and profit and loss account of the business for that financial year shall be submitted to the Commission – not due until April 30<sup>th</sup>, 2012.
- 7) The Renewal Licence should be current prior to Re-Registration.

## AGENT – RE-REGISTRATION DOCUMENTS

- 1) Re-Registration Application – Form 3 of the First Schedule (Part C) – Notarised
- 2) Bio Affidavit Form- must be Notarised
- 3) List of salespersons and technical officers Form 4
- 4) Name of Auditor
- 5) Revised Business Plan

# BROKER –

## DEFINITION:

**“Broker” means a body corporate which acting with complete freedom as to their choice of undertaking and for commission or other compensation bring together, with a view to the insurance or reinsurance of risks, persons seeking insurance or reinsurance and insurance or reinsurance undertakings, carry out work preparatory to the conclusion of contracts of insurance or reinsurance, and where appropriate, assist in the administration and performance of such contracts;**

## BROKER – RE-REGISTRATION REQUIREMENTS

- 1) Capital Requirement is \$50,000
- 2) All Salespersons must be Re-registered
- 3) Ensure that the corporate name of the entity, shall include the words 'Insurance' or 'Assurance' as the case may be.
- 4) professional indemnity insurance
- 5) The fiscal year end date must be decided and Pursuant to section 58 (1) of the Act, the accounts required under regulation 139 shall be audited by an auditor. A copy of the audited accounts, balance sheet and profit and loss account of the business for that financial year shall be submitted to the Commission – not due until April 30<sup>th</sup>, 2012.
- 6) The Renewal Licence should be current prior to Re-Registration

## BROKER – RE-REGISTRATION DOCUMENTS

- 1) Applications – Form 3 of the First Schedule; B
- 2) Non refundable Re-Registration fee of \$100
- 3) List of salespersons and technical officers (See Form 4)
- 4) Bio Affidavit of Managers – must be Notarised
- 5) Revised Business Plan
- 6) The name of the Auditor
- 7) The Renewal Licence should be current prior to Re-Registration.

# INTERMEDIARIES RENEWAL & RE-REGISTRATION

## SESSION 2



# AGENDA

## RENEWAL REQUIREMENT

- Salesperson
- Agents
- Sub-Agents; Sole proprietor & Corporate
- Brokers
- Adjusters
- Consultants
- Technical Representative
- Responsible Officer
- THE ADVISORY COMMITTEE

# SALESPERSON

## REQUIREMENTS - AT INITIAL REGISTRATION;

- 1) 2 Passport sized photos endorsed by manager
- 2) Completed application form
- 3) Non-refundable fee \$75
- 4) 3 first pages of valid passport
- 5) Valid police record (< 6 months)
- 6) 3 personal references (<3 months)
- 7) 1 bank reference (<1 month )
- 8) Aptitude test/high school qualifications
- 9) Marriage certificate (applicable if name changed)
- 10) Letter from sponsoring company
- 11) Passing Exam (Passing mark 75%) Exam done first Thursday in the month

## SUB-AGENT(CATEGORY 1) SOLE PROPRIETOR REQUIREMENTS

- 1) Renewal fee – \$100
- 2) Statement of Results – Form 19
- 3) Certificate of Good Standing from the National Insurance Board
- 4) Copies of new Agency Agreements (If Applicable)
- 5) Notification of any material change in management
- 6) A Letter of Good Standing from the Agency that the Sub-Agency represents.

## SUB-AGENT(CATEGORY 2) CORPORATE RENEWAL REQUIREMENTS

- 1) Renewal fees - \$300
- 2) Annual Statement of Results Form 19
- 3) National Insurance Board - Letter of Good Standing
- 4) Registrar General - Good Standing
- 5) Copy of current Business License
- 6) Copies of new Agency Agreements (If Applicable)
- 7) Notification of any material change in management, directors or shareholders
- 8) A Letter of Good Standing from the company that the agency represents.

## AGENT- RENEWAL REQUIREMENTS

- 1) Renewal fees – \$1,000
- 2) Annual Statement of Results – Form 19
- 3) National Insurance letter of good standing
- 4) Registrar General – Good Standing Certificate
- 5) Current copy Business licence
- 6) New Agency agreements (if applicable)
- 7) Note any material changes in management, directors or shareholders
- 8) letter of good standing from various carrier that the insurance business is placed.
- 9) Copy of current Professional Indemnity Insurance

**NOTE: ALL LICENCE MUST BE RENEWED IN ORDER TO PROCESS RE-REGISTRATION.**

## BROKER – RENEWAL REQUIREMENTS

- 1) Renewal Fee – \$1,000
- 2) Annual Statement of Results – Form 19
- 3) National Insurance letter of good standing
- 4) Registrar General – Good Standing Certificate
- 5) Business licence in good standing
- 6) New Agency agreements (if applicable)
- 7) Note any material changes in management, directors or shareholders
- 8) Or letter of good standing from various carrier that the insurance business is placed.
- 9) Premium Taxes paid current – If applicable
- 10) Current Professional Indemnity Insurance

❖ **NOTE: ALL LICENCE MUST BE RENEWED IN ORDER TO PROCESS RE-REGISTRATION.**



## ADJUSTER (NEW) –DEFINITION

“Adjuster” means a person who –

- (a) on behalf of an insurer or an insured, for compensation, directly or indirectly –
  - (i) solicits the right to negotiate the settlement of or investigate a loss or claim under a contract or fidelity, surety or a guarantee bond issued by an insurer; or
  - (ii) investigates, adjusts or settles such loss or claim; or
- (b) holds himself out as an adjuster, investigator, consultant or advisor with respect to the settlement of such losses or claims, but does not include a person employed as an engineer, or other expert solely for the purpose of giving expert advice or evidence or a person who acts as an adjuster of marine losses only;

## ADJUSTER – REGISTRATION REQUIREMENTS

- 1) Non refundable application fee of \$300
- 2) Fee for the initial registration and subsequent annual renewal and registration is \$1,000
- 3) Notarized Application – Form 3 of the First Schedule (Part C (IV))
- 4) Business plan
- 5) Bio Affidavit for each beneficial owner and director – must be Notarised
- 6) Professional indemnity insurance policy as determined by the commission. (*The Insurance (General) Regulation, 2010, 105*)
- 7) Submit audited opening balance sheet, or audited financial statement of the applicant for the financial year immediately preceding the date of the application

## ADJUSTER – REGISTRATION REQUIREMENTS

- 8) **Submit – professional qualifications** –(*The Insurance (General) Regulation 120*)
- 9) **Errors and Omission Insurance Cover** – (*The Insurance (General) Regulation – 105*)
- 10) **Where appropriate, certified copies of the instruments constituting the firm (certification to be done by the Registrar of Companies) and a statement setting out the details of beneficial shareholding.**
- 11) **maintain at all times such minimum paid-up share capital or net assets value as determined by the Commission.** –(*The Insurance (General) Regulation – 100*)

## CONSULTANTS (NEW) –

### ▶ DEFINITION

- ▶ “Consultant” means an independent advisor who specializes in some aspect of insurance;

This category is different from all the other Intermediary Categories as it does consultancy only and is NOT Licenced to sell insurance products. *(The Insurance (General) Regulation, 2010, 119 (2))*

Note – The ICB is currently working on guidelines for this category.

## TECHNICAL REPRESENTATIVE (NEW) –

### ▶ DEFINITION

- ▶ “Technical Representative” means an individual, other than one performing clerical or non–insurance related functions, and who is employed by an insurer, broker or agent, who provides advice to a policyholder or potential policyholder on insurance matters, or negotiates or arranges contracts of insurance on behalf of an insurer, broker, or agent;
- ▶ Note – The ICB is currently working on guidelines for this category.

## RESPONSIBLE OFFICER (NEW) –

### DEFINITION

**“Responsible Officer ” means an individual who is responsible for the conduct of brokerage/agency business of the registered broker or agent.**



# THE INSURANCE ADVISORY COMMITTEE

In pursuant to *Part VIII, 239 of The Insurance Act, 2005*, an Insurance Advisory Committee (IAC) has been appointed to advise the Commission on matters relating to the carrying on of insurance business in and from The Bahamas.

- The IAC was formed October, 2010. It comprises of 13 members from the insurance industry representing Companies and intermediaries.

# THE INSURANCE ADVISORY COMMITTEE

- The IAC will advise the commission on systemic matters and not institution specific matters or matters related to specific licences.
- You can email your comments/concerns to the ICB at [info@icb.gov.bs](mailto:info@icb.gov.bs).