

OFFICE OF THE CONTROLLER OF INSURANCE

COI Directive No.5

Insurance Agent

Applicability

1. In exercising the powers conferred under section 6(1), of the Insurance ACT,1986, [CAP.82] (hereinafter referred to as the 'Act') and in connection to its functions stipulated under section 4(b)(f) of the same, the Controller of Insurance (COI) hereby issues this Directive for all Insurance Agents including Micro Insurance Agents licensed to solicit insurance business in the Solomon Islands.
2. This Directive does not cover any Insurance Agents that solicit reinsurance for insurance companies.

Background

3. The controller of insurance is mandated under section 4(b)(f) of the Act to formulate standards and superintend the conduct of the insurance business in the Solomon Islands and issue directives under section 6 whenever appropriate to ensure insurers, agents, and brokers operate in a manner that is not detrimental to the policyholders and/or the Insurance industry.
4. The Insurance Act (1986) is aimed at promoting a fair, safe, and stable insurance market, thereby ensuring public trust and confidence that would ultimately contribute to the growth and stability of the local insurance industry.
5. Trust and confidence are central in the insurance business. Insurance agents are a vital conduit in the insurance distribution channel and therefore perform a significant role in building and justifying public trust and confidence. Hence, insurance agents must at all times display good conduct and professional competence while interfacing with customers and insurers. This is important to ensuring trust and confidence in the insurance sector.
6. The controller of insurance recognizes the need to reinforce the provisions in the Insurance Act to ensure insurance agents maintain high professionalism, ethical behaviour, and fair treatment of customers while intermediating the insurance business. This would consequentially raise the industry's professional standard and enhance trust and confidence in local insurance intermediaries.
7. These Directives are not intended to be exhaustive but represent the minimum standards that must be observed. The Controller expects Insurance agents to take appropriate action to comply with these Directives.

Purpose

8. This Directive is intended to:
 - a) establish the minimum requirement for establishing an insurance agency business in the Solomon Islands.

- b) establish a minimum standard for operating an insurance agent in the Solomon Islands.
- c) ensure insurance agents act professionally and transparently while conducting the intermediation of insurance business.
- d) ensure that insurance agents act with utmost good faith in soliciting insurance business.
- e) ensure that insurance agents must at all times uphold their duty of care in conducting the solicitation of insurance contracts to avoid the risk of information asymmetry and adverse selection by insurance customers.
- f) ensure that insurance agents, while acting for the principal insurer must discharge their duties diligently and with due care throughout the duration of the insurance policy in accordance with the terms and conditions of the insurance policy as well as the insurer-agent agreement.

Definitions

9. In this Directive, unless the context otherwise requires: -

‘Agency Agreement’ means an agreement between the Insurer and the appointed agent authorizing the agent to sell the product of the insurer

‘Agent’ means Agent as defined in the Insurance Act (Cap 82) 1986

‘Controller of Insurance’ controller of insurance appointed under section 3 of the Insurance Act (Cap 82) 1986

‘Cooling-off period’ is a set time limit within which policyholders have the right to cancel an insurance policy without incurring any penalty.

‘Date of Inception’ means the date from which the insurer assumes cover for a risk. This may or may not coincide with premium collection dates.

‘Foreign Insurer’ is an overseas insurance company not licensed in the Solomon Islands but has an agent in the country who sells its insurance policies

‘Insurer’ means a person or company that underwrites an insurance risk and agrees to compensate people, companies, or other organizations for specific financial losses.

‘Insurance Business’ refers to insurance policies or contracts

‘Insurance policy or Contract’ whenever these appear in this Directive, the terms refer to an agreement in which one party, the insurer, agrees to compensate another party, the insured (or other named beneficiary), for losses or damages caused by risks identified in the contract in exchange for the payment of a specified amount, or periodic amounts, of money by the insured to the insurer.

‘Non-Residence Account’ is an account of an individual or business who is not a resident of the Solomon Islands held with a licensed commercial bank.

‘Principal Officer’ means a person who is appointed to oversee the daily operation of the agent.

‘Reinsurance’ means insurance purchased by an insurance company in relation to its insurance liabilities.

Qualification for license

10. A natural person or a body corporate can apply for a license to conduct business as an insurance agent in the Solomon Islands provided that he/she is nominated by a licensed insurer.

Prohibitions

11. No person or body corporate shall conduct a business as an insurance agent unless he/she is licensed by the COI under section 56 of the Insurance Act.
12. No insurer shall allow any person or body corporate to act as an Agent in any capacity to solicit any insurance business or to carry out any insurance selling or advisory activities for and/or on behalf of the insurer unless that person or body corporate holds a valid Insurance Agent license granted by the COI.
13. An insurance agent shall only sell or provide insurance advice on insurance product(s) that they are authorized to sell under the agreement with the insurer.
14. No agents shall concurrently be carrying out mediation activity for, on behalf of, or in the interest of more than one insurer for insurance contracts that provide identical or similar covers.
15. For clearance of doubt, an insurance agent shall represent more than one insurer but for unidentical or dissimilar products.
16. An insurance agent’s principal officer must not be an employee of the insurer it represents and must not in any way act in a manner that will entail him/her as being part of the insurer.
17. An insurance agent must not harass, coerce or use undue influence to induce a customer or prospecting customer to enter into a contract of insurance or to make any material decision relating to its insurance needs.
18. An agent must not provide false information to potential customers, policyholders, or insured persons, or fail to disclose or highlight any material information that will likely have an impact on the decision of the customer.
19. An agent must not prohibit any customer from reporting any material information that is likely to impact the customer’s insurance policy to the insurance company.

Licensing

20. Any natural person or body corporate who wishes to carry out a business of an insurance agent in the Solomon Islands must first apply for an insurance agent license from the office of the Controller of Insurance.
21. The application for an insurance agent must be addressed to the Controller of Insurance using the appropriate form in Appendix A and shall be accompanied by the appropriate fees and supporting documents prescribed by the Office of the Controller of Insurance (OCOI). The applicant shall provide such additional documents as the OCOI may require.

22. A natural person or body corporate that wishes to carry out a business of an insurance agent in the Solomon Islands must maintain a principal office and must have a principal officer who shall be responsible to oversee the daily operation of the agent and shall be the point of contact for the agent.
23. Prior to the appointment of the principal officer, the agent shall first apply for a No Objection approval from the OCOI using the appropriate form and supporting documents outlined in appendix B of this directive. The Principal Officer appointed shall only act as a principal officer upon receipt of a No Objection approval from the COI.
24. In the event the COI rejects the application for a No Objection approval of a Principal Officer, the COI may provide reasons for his rejection and the agent may seek remedial action to ensure its appointment meets the expectation of the COI.
25. Any entity that uses any insurance product of any insurance company as add-in benefits into their existing product must apply for an insurance agent license and must satisfy and comply with all due requirements under the Insurance Act and this directive.
26. If an agent applicant wishes to represent a foreign Insurer not licensed in the Solomon Islands, the agent shall apply to the Minister of Finance for exemption under section 11 of the Act by submitting to the COI
 - I. An application letter
 - II. Letter of appointment by the overseas Insurer
 - III. Agency Agreement

Following receiving an exemption under section 11 of the Act, the applicant shall proceed with the licensing application in accordance with clause 21 of this directive.

Fit and Proper Requirement for Agents, and Principal Officer(s)

27. An insurance agent applicant, Licensed Insurance Agent, or Principal Officer of an Agent must satisfy the following conditions and requirements to be regarded as fit and proper:-
 - a) must not be convicted of any criminal offence involving fraud, fidelity, theft, misrepresentation or dishonesty, or any other offence under the Penal Code.
 - b) must have no historical attachment to any civil liability for fraud or misrepresentation under any law.
 - c) Has not been disqualified or suspended from practising a profession on grounds of personal misconduct by any Authority in relation to his/her profession except his political views or activities.
 - d) must be sufficiently competent, by having relevant experience and academic qualifications, appropriate to be able to discharge his duties and responsibilities satisfactorily.
 - e) Where an applicant or Agent is a legal entity or body corporate,
 - i. the applicant must not be the subject of a winding-up order or a judicial management order by any court of the Solomon Islands or elsewhere.

- ii. must not be an un-discharged bankrupt.
- f) must be able to meet and comply with the requirements under the Insurance Act, regulations, these Directives, and/or any other prudential requirements and other guidelines that may be issued by the OCOI from time to time.

Responsibility of the Insurance Company

The Insurance company shall be responsible to:

- 28. Nominate and authorize an agent to sell an insurance product on its behalf.
- 29. Conduct due diligence and probity check to ensure that its nominated or appointed agent is a fit and proper person and has met all the criteria to be considered as a fit and proper person under this directive.
- 30. Provide sufficient training for its agent(s) to enable them to be competent in undertaking the duties of an insurance agent in selling their product(s)
- 31. Draw the agency agreement that will be signed by both the agent and the insurer. The insurance agency agreements must at the minimum outline:
 - a) The obligations and responsibilities of the insurer and the agents
 - b) The insurance policy(ies) that the agent is allowed to sell
 - c) The commission payable to the agent for solicitation of insurance business
 - d) Fees that can be charged by the agent.
 - e) Credit terms and conditions.
 - f) Agreements expiration and renewal process.
 - g) Conditions under which the agreement will terminate.
 - h) Remedial process for breach of the agency agreement
- 32. Monitor the agent's compliance with the agency agreement.
- 33. The insurance company shall be liable for any losses arising out of the solicitation of the insurance policy holder by the insurance agent.
- 34. A foreign insurance company that does not have any office in the Solomon Islands nor does it license in the Solomon Islands but has an agent in the Solomon Islands and was exempted by the Minister of Finance shall maintain a Non-Residence Account or any other similar arrangements such as a trust account or fiducial contract in any Licensed Bank in the Solomon Islands for the purpose of facilitating insurance premium and claim settlements.

35. The foreign insurer is obligated to provide the COI with detailed reports pertaining to the premium and claims transaction via the account on a quarterly basis and in a form that may be prescribed by the COI.

Responsibilities of an Agent

The agent so appointed by the Insurance Company is responsible to:

36. Take appropriate steps to ensure compliance with the agency agreement, the Insurance Act, and this Directive.
37. While intermediating an insurance contract with a customer or prospecting customer, the agent shall expressly inform the customer or prospecting customer of all information that will have a material effect on his/her decision concerning the purchase of an insurance product. These include:
- a) The terms and conditions of the insurance policy
 - b) The coverage and exclusions including deductibles/excess, and conditions and/or opportunities for policy endorsements
 - c) The relationship the agents have with the insurance company.
 - d) Cooling off period, fees, and penalties for breach of an insurance contract
38. Assist the customer in filling out the insurance proposal form.
39. Ensure that any missing information or additional information is collected
40. In the event of a claim, the agent shall;
- a) Promptly notify the insurer of the claim
 - b) assist the customer in filling out a claim form in the event of a claim/loss
 - c) ensure that all information needed for the assessment of the claim is received
 - d) follow up with customers on any additional or missing document(s)
 - e) Provide the claimant with regular updates regarding his/her claim

Premium remittance and accounts settlement

41. It shall be the duty of the agent to ensure that all premiums and/or fees due to the insurer under the insurance contract is remitted to the insurer within sixty (60) days from the date of inception of the insurance cover.
42. If the agent did not receive the premium within the timeframe mentioned in clause (41) above, the agent must inform the insurer of the uncollected amount at least seven days before the expiration of the sixty days period.

43. Any agent that contravenes the provision under sections 41 and 42 shall be liable for penalties under sections 61 (4) and (5) of the Insurance Act (Cap 82).
44. Notwithstanding the foregoing, a premium receipt by the agent on behalf of an insurer shall on receipt thereof be deemed received by the insurer, and therefore the insurer shall be liable for any loss that arises after the premium is received by the agent on its behalf.
45. An agent shall maintain a separate account for transacting insurance premium
46. The insurer and the agent must undertake accounts settlement at the end of every month.
47. The insurer and the agent shall reconcile the commission payable and premium receivable at the end of every month and maintain the financial statement and account.

Record Keeping

48. The agents and insurers shall at all times maintain and protect the document, reports, records, and supporting documents in respect to transacting the insurance business either as an agent or an Insurer and shall make available to the Controller of Insurance on demand.

Termination of agent relationship

49. The insurer can terminate the agent relationship if;
 - a) The agent is in breach of any clause under the agency agreement.
 - b) The agent is being convicted of any crimes or declared bankrupt.
 - c) Is being guilty of committing fraud, misrepresentation, or misinforming customers
 - d) In breach of the Insurance Act and this Directive.
50. In the event an agent ceases to represent the insurer, the insurer must notify the Controller in writing within seven days.
51. The agent must surrender the agent certificate to the controller within seven days following the termination of its agent operation.


Enforcement and Corrective Measures

52. If an Agent or a Principal Officer fails to comply with any provision of these Directives, will be considered in breach of this directive and will be subject to disciplinary action by the Controller of insurance.
53. The Controller may pursue all necessary actions available to him under its powers to enforce the provisions under this directive. This may include
 - a) send a written warning to the party;
 - b) give orders to the party to cease and desist from particular actions, or require the party to take affirmative action to correct the violations;

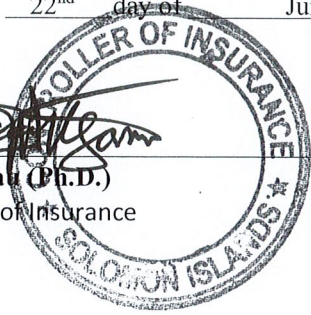
Effective Date

52. The effective date of this Directive is 1st July 2023

Issued this 22nd day of June 2023



Luke Forau (Ph.D.)
Controller of Insurance



THIRD SCHEDULE
INSURANCE ACT
(Section 55)
INSURANCE REGULATIONS
APPLICATION FOR LICENCE AS AN AGENT
(Corporate bodies)

1. Name of Applicant:
2. Postal Address:
3. State if company, partnership etc:
4. If part-time agent, state main occupation:
5. Principal place of business in Solomon Islands:
6. Name of Insurance Officer:
7. General Education standard and qualifications:
8. Insurance Experience and qualifications if any:
9. Give names of registered insurers you represent:

DECLARATION BY APPLICANT

I,do hereby apply for license as insurance agent under section 55 of the Insurance Act and declare that the above particulars are true and correct and agree to notify the Controller of Insurance of any material alteration in the information supplied and that in the terms of any enactment in force in Solomon Islands or any other country.

- (a) have not been adjudged insolvent or bankrupt;
- (b) have not made assignment to or an arrangement or composition with creditors which has been rescinded or set aside; and
- (c) have not been convicted by a court in any country of an offence involving dishonesty, an appeal against the conviction not having been brought, or having been brought was withdrawn or dismissed.

Dated:
.....

Signed:

DECLARATION BY REGISTERED INSURER REPRESENTED

We,hereby declare that to the best of our knowledge and belief the above particulars are true and correct.

Date:
.....

Signed:

The first annual fee if enclosed.

THIRD SCHEDULE
INSURANCE ACT
(Section 55)
INSURANCE REGULATIONS
APPLICATION FOR LICENCE AS INDIVIDUAL AGENT

1. Name of Applicant:

2. Postal Address:

3. Residential Address:

4. Nationality:

5. Age:

6. Name of Insurance Officer:

7. General Education standard :

8. Insurance Experience (give full details):

9. Give name of registered insurers you represent:

DECLARATION BY APPLICANT

I,do hereby apply for license as insurance agent under section 55 of the Insurance Act and declare that the above particulars are true and correct and agree to notify the Controller of Insurance of any material alteration in the information supplied and that in the terms of any enactment in force in Solomon Islands or any other country.

(d) have not been adjudged insolvent or bankrupt;

(e) have not made assignment to or an arrangement or composition with creditors which has been rescinded or set aside; and

(f) have not been convicted by a court in any country of an offence involving dishonesty, an appeal against the conviction not having been brought, or having been brought was withdrawn or dismissed.

Dated:

Signed:

.....

DECLARATION BY REGISTERED INSURER REPRESENTED

We,hereby declare that to the best of our knowledge and belief the above particulars are true and correct.

Date:

Signed:

Appendix B: Application for No Objection of a Principal Officer

Controller of Insurance Principal Officer Application Form

I. Name of Insurance Agent submitting this Application

Insert
Photo
Here

Please fill out the principal applicant details

II. Particulars of Applicant			
Name			
Residential Address			
Official Address			
Telephone No:	Mobile No:	Fax No:	Email address
Qualification		Certified copy of proof documents	
<input type="checkbox"/> Have sufficient academic competency		Relevant Certificate	
<input type="checkbox"/> Is not a convicted criminal		Police report	
<input type="checkbox"/> Has Sufficient Work experience		Curriculum Vitae	

III. Nominated Principal Officer's Declaration					
1. Convicted of any criminal offense in the Solomon Islands or elsewhere.	Yes			No	
2. Been declared bankrupt in the Solomon Islands or elsewhere.	Yes			No	
3. A director or a senior manager of a corporation that has become insolvent in the Solomon Islands or elsewhere.	Yes			No	
4. Terminated, disciplined, or disqualified by any professional body from practising a profession on grounds of personal misconduct by any Authority in the Solomon Islands or elsewhere	Yes			No	
<i>If your answer to any one or more of the above four questions is/are YES, please provide details</i>					
1. I pledge to comply with the requirements of the Insurance Act, this Directive, and any other directives applicable to Principal Officers of Insurance agents or other Financial Service providers in the Solomon Islands.					
2. I shall notify the Controller of Insurance of any change in the material circumstances of my fitness and properness to continue acting as an Insurance Agent Principal Officer.					
3. I pledge to act with due care and in utmost good faith while discharging my duties as a principal officer of the Insurance Agent					

4. I hereby declare that all the information in this application is FULL, COMPLETE, AND TRUE. I understand and accept that the Controller of Insurance (COI) may revoke the registration if it comes to the knowledge of the COI that the information provided is incorrect or misrepresented or fraudulent.

Personal Data

1. I acknowledge and agree that any personal data concerning myself ("Personal Data") provided or disclosed to the COI may be used and retained by the COI for his records, administration of the Insurance Act, and the supervision of the Insurance Industry.
2. I authorize the COI to conduct a reference check with the relevant parties against the documents I have provided.
3. I acknowledge and agree that certain information such as my name, the date of registration with the COI, the names of my Appointing Insurer, and the Line of Insurance Intermediary Business that I am eligible to carry on, will be published in the gazette for public awareness.

Date

Signature

IV. Declaration by the Appointing Insurance Agent

1. We HEREBY CONFIRM that the afore-named Applicant is appointed to act as the Principal Officer of our Insurance Agent Business subject to the COI's no objection approval. We ALSO CONFIRM that the Applicant meets ALL the requirements to be a fit and proper person for the Administration of Insurance Agents.
2. We understand that the information contained in this form is FULL, COMPLETE, AND TRUE to the best of our knowledge.

Name of Agent

Authorized Signature of Agent & Company seal

Name:

Designation: