

PROVISIONS APPLICABLE TO SPECIFIC  
INSURANCE AND REINSURANCE INTERMEDIARIES  
CHAPTER 11

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## REVISIONS LOG

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## 11.1 Introduction

- 11.1.1 This Chapter on provisions applicable to specific insurance and reinsurance intermediaries is being made pursuant to, and for the purposes of, articles 4, 10, 37 and 43E of the Act.
- 11.1.2 Section 11.2 of this Chapter determines the commercial business, other than insurance distribution activities and, or reinsurance distribution activities, which by virtue of the Act may be carried out by enrolled individuals or which may be stated in the objects of companies, enrolled in the Agents List or Brokers List.
- 11.1.3 Section 11.3 determines the business of insurance which is not subject to tied insurance intermediaries activities.
- 11.1.4 Section 11.4 lays down the Insurance Distribution Rules to be complied with by an ancillary insurance intermediary carrying out insurance distribution activities on an ancillary basis and determines the different types of appointments which an ancillary insurance intermediary may obtain, as well as other requirements which are to be complied with by an ancillary insurance intermediary.
- 11.1.5 Section 11.5 lays down a number of requirements applicable to tied insurance intermediaries and ancillary insurance intermediaries.

## 11.2 Commercial business which may be carried out by Insurance Agents and Insurance Brokers

- 11.2.1 Section 11.2 of this Chapter shall apply to a person desirous of applying for enrolment and, on a continuing basis, a person enrolled in the Agents List or Brokers List and carrying out insurance distribution activities and, or reinsurance distribution activities (the “enrolled person”).
- 11.2.2 The business specified in paragraph 11.2.3 of this Chapter (“the specified business”) shall be the commercial business, other than insurance distribution activities and, or reinsurance distribution activities, as determined by this Section which may be carried out by enrolled individuals or which may be stated in the objects of companies, enrolled in the Agents List or Brokers List.

### *The Specified Business*

- 11.2.3 For the purposes of this Section and provided that an enrolled person is granted an investment services licence under the Investment Services Act (Cap. 370), any business which is “investment service” within the meaning assigned to it by that Act is, in relation to an enrolled person, the specified business.

## 11.3 Business of Insurance Not Subject to Tied Insurance Intermediaries Activities

- 11.3.1 Section 11.3 of this Chapter applies, on a continuing basis, to an authorised undertaking desirous of appointing a person to act as a tied insurance intermediary on its behalf and to carry out tied insurance intermediaries activities for the undertaking;
- 11.3.2 The business of insurance specified in Titles I and II of the First Schedule to this Chapter is business which is not subject to tied insurance intermediaries activities.
- 11.3.3 For the purposes of the First Schedule referred to in paragraph 11.3.2, “class number”
- (a) in relation to long term business, means the class number shown in the first column of the Second Schedule to the Insurance Business Act (Cap. 403); and
  - (b) in relation to general business, means the class number shown in the first column of Part I of the Third Schedule to the Insurance Business Act (Cap. 403).

## 11.4 Ancillary Insurance Intermediaries

### Application

- 11.4.1 Section 11.4 of this Chapter shall apply to a person desirous to be appointed and registered in the Ancillary Insurance Intermediaries Company Register of an authorised undertaking or of an enrolled insurance broker, to carry out ancillary insurance intermediaries activities as listed in paragraph (5) of the Third Column of

the Schedule to the Act, and on a continuing basis, a person registered and enrolled with the competent authority in the Ancillary Insurance Intermediaries List.

(“ancillary insurance intermediary”.)

### Definitions

- 11.4.2 For the purposes of Section 11.4, “fair analysis” means providing advice on the basis of an analysis of a sufficiently large number of contracts of insurance available on the market, to enable an insurance broker enrolled in the Brokers List under the Act to make a recommendation, in accordance with professional criteria, regarding which contract of insurance would be adequate to meet the client’s needs.

### Requirements

- 11.4.3 A person shall be entitled to be appointed and registered in the Ancillary Insurance Intermediaries Company Register of an authorised undertaking or of an enrolled insurance broker where such person:
- (a) attends an ancillary insurance intermediary course as referred to in paragraph 6.4.1(b) of Chapter 6 in Part B of the Insurance Distribution Rules; and

- (b) possesses the appropriate knowledge and ability requirements in order to complete its tasks and perform its duties adequately for the purposes of article 43C(1)(b) of the Act and as determined by Chapter 6 in Part B of the Insurance Distribution Rules.

#### Appointment of an Ancillary Insurance Intermediary

- 11.4.4 A person may obtain appointment and registration in the Ancillary Insurance Intermediaries Company Register of an authorised undertaking or of an enrolled insurance broker, and enrolment in the Ancillary Insurance Intermediaries List, subject to the conditions set out in paragraphs 11.4.7 to 11.4.14 of this Chapter.
- 11.4.5 An ancillary insurance intermediary shall only carry out ancillary insurance intermediaries activities which are complementary to a good or service carried out by such ancillary insurance intermediary.
- 11.4.6 An ancillary insurance intermediary shall not carry out ancillary insurance intermediary activities in the class or classes of long term business and the class or classes of general business indicated in Titles I and II of the Second Schedule to this Chapter.

#### Appointment of an Authorised Undertaking

- 11.4.7 An ancillary insurance intermediary shall carry out ancillary insurance intermediary activities in the class or classes of long term business or the class or classes of general business specified in the authorised undertaking's appointments, subject to paragraph 11.4.6 of this Chapter.

#### General Business

- 11.4.8 Subject to paragraph 11.4.9 of this Chapter, a person may obtain appointment and registration in the Ancillary Insurance Intermediaries Company Register of not more than two authorised undertakings carrying on general business.
- 11.4.9 Where a person desirous to be appointed and registered in the Ancillary Insurance Intermediary Company Register of more than one authorised undertaking carrying on general business, and where the appointment relates to any class, or any class or classes of general business of the same kind, if the insurance products to be distributed in terms of such class or classes relate to products which are in competition, such person shall, in respect of such insurance products, seek and obtain appointment and registration to carry out ancillary insurance intermediaries activities only in the Ancillary Insurance Intermediaries Company Register of one of the undertakings concerned.

#### Long term Business

- 11.4.10 A person may obtain appointment and registration in the Ancillary Insurance Intermediaries Company Register of not more than one authorised undertaking carrying on long term business.

Appointment by an Enrolled Insurance Broker

- 11.4.11 Subject to paragraph 11.4.6 of this Chapter, any person desirous of seeking appointment and registration in an Ancillary Insurance Intermediaries Company Register of an enrolled insurance broker to carry out ancillary insurance intermediaries activities, may obtain appointment and registration in the Ancillary Insurance Intermediaries Company Register of one insurance broker:
- (a) in relation to general business; and
  - (b) in respect of only one insurance product.

Fair Analysis

- 11.4.12 Where an ancillary insurance intermediary acts on behalf of an enrolled insurance broker, the fair analysis shall only be carried out by the enrolled insurance broker in relation to the goods or services offered by the ancillary insurance intermediary, concerning one insurance product, and shall not, at any point in time, be conducted by the ancillary insurance intermediary.

Possible appointments of an ancillary insurance intermediary

- 11.4.13 For the avoidance of doubt and subject to the provisions of the Act and of this Chapter, an ancillary insurance intermediary may obtain an appointment and registration in the Ancillary Insurance Intermediaries Company Register of:
- (a) not more than two authorised insurance undertakings carrying on general business; or
  - (b) not more than two insurance agents carrying on general business; or
  - (c) one authorised insurance undertaking and one insurance agent carrying on general business; or
  - (d) one authorised insurance undertaking carrying on long term business; or
  - (e) one insurance agent carrying on long term business; or
  - (f) not more than two authorised undertakings carrying on general business and one authorised undertaking carrying on long term business; or
  - (g) one authorised undertaking carrying on general business and one authorised undertaking carrying on long term business or
  - (h) one insurance broker in respect of one insurance product relating to general business.

Conditions on the appointment of an ancillary insurance intermediary

11.4.14 Where an ancillary insurance intermediary is enrolled in the Ancillary Insurance Intermediaries List and is already appointed and registered in the Ancillary Insurance Intermediaries Company Register of:

- (a) an enrolled insurance broker, it shall not seek appointment and registration in an Ancillary Insurance Intermediaries Company Register of an authorised undertaking;
- (b) an authorised undertaking, it shall not seek appointment and registration in the Ancillary Insurance Intermediaries Company Register of an enrolled insurance broker.

Knowledge and Ability

11.4.15 A person desirous to be appointed and registered in the Ancillary Insurance Intermediaries Company Register of an authorised undertaking or of an enrolled insurance broker shall possess the appropriate knowledge and ability in order to complete its tasks and perform its duties adequately for the purposes of article 43C(1)(b) of the Act and, as a minimum, know the terms and conditions of the policies it distributes and know how a policyholder is to make a claim and file a complaint as determined by Chapter 6 in Part B of the Insurance Distribution Rules.

Continuous Training

11.4.16 An ancillary insurance intermediary shall undertake training annually in order to update the knowledge and ability requirements referred to in paragraph 11.4.15 of this Chapter.

11.4.17 An authorised undertaking and an insurance broker enrolled under the Act which has appointed a person to act on his behalf as an ancillary insurance intermediary shall ensure that such ancillary insurance intermediary undertakes, as a minimum, seven (7) hours of training annually in order to update the knowledge and ability requirements referred to in paragraph 11.4.15 of this Chapter.

11.4.18 The authorised undertaking or the enrolled insurance broker who appoints an ancillary insurance intermediary shall establish, maintain and keep appropriate records, and retain all supporting evidence of the annual training, for a minimum of five years. Such undertaking or broker shall forward to the competent authority a written declaration that the ancillary insurance intermediary has undertaken such training.

11.4.19 The authorised undertaking and the enrolled insurance broker shall make such records available for inspection, by the competent authority or upon request of the competent authority. The competent authority may enquire about the training attended by a specific individual.

11.4.20 The ancillary insurance intermediary is expected to maintain records and supporting evidence of the annual training undertaken.



## 11.5 Provisions applicable to Tied insurance Intermediaries and Ancillary Insurance Intermediaries

### 11.5.1 Section 11.5 of this Chapter applies:

- (a) on continuing basis, to a person registered in the Tied Insurance Intermediaries Company Register of an authorised undertaking, and carrying out tied insurance intermediaries activities on behalf of the undertaking (the “tied insurance intermediary”).
- (b) on continuing basis, to a person registered in the Ancillary Insurance Intermediaries Company Register of an authorised undertaking or of an enrolled insurance broker, and carrying out ancillary insurance intermediaries activities on behalf of the undertaking or insurance broker (the “ancillary insurance intermediary”).

### Records

- 11.5.2 A tied insurance intermediary shall retain its records relating to the tied insurance intermediaries activities carried out, and an ancillary insurance intermediary shall retain its records relating to the ancillary insurance intermediaries activities carried out, for a period of at least five (5) years.
- 11.5.3 A tied insurance intermediary shall ensure that records connected to tied insurance intermediaries activities carried out on behalf of any one insurance undertaking are segregated from any other records maintained with respect to other professional activities and any other tied insurance intermediaries activities carried out on behalf of any other undertaking or undertakings.
- 11.5.4 Where an ancillary insurance intermediary is appointed by an authorised undertaking, an ancillary insurance intermediary shall ensure that records connected to ancillary insurance intermediaries activities carried out on behalf of any one insurance undertaking are segregated from any other records maintained with respect to other professional activities and any other ancillary insurance intermediaries activities carried out on behalf of any other undertaking or undertakings.

### Transmission of Findings on On-site inspections

- 11.5.5 Where in pursuance of article 30 of the Insurance Business Act (Cap. 403), made applicable to persons enrolled in the Tied Insurance Intermediaries List and in the Ancillary Insurance Intermediaries List by virtue of article 54 of the Act, the competent authority carries out an inspection:
  - (a) the tied insurance intermediary shall forward, within a period of 30 days, to the insurance undertaking in respect of which the tied insurance intermediary is enrolled, a copy of the competent authority’s findings relating to the activities which the tied insurance intermediary carries out on behalf of the insurance undertaking concerned.

- (b) the ancillary insurance intermediary shall forward, within a period of 30 days, to the insurance undertaking or the enrolled insurance broker, in respect of which the ancillary insurance intermediary is enrolled, a copy of the competent authority's findings relating to the activities which the ancillary insurance intermediary carries out on behalf of the insurance undertaking or of the enrolled insurance broker concerned.

*Appointment Letters of Tied Insurance Intermediaries and Ancillary Insurance Intermediaries*

- 11.5.6 The registration of a tied insurance intermediary in the Tied Insurance Intermediaries Company Register and of an ancillary insurance intermediary in the Ancillary Insurance Intermediary Company Register, shall be governed by a formal appointment.
- 11.5.7 The formal appointment shall make reference to the responsibility of tied insurance intermediaries and ancillary insurance intermediaries to comply with the requirements of Section 11.5 of this Chapter, Section 8.3 of Chapter 8 in Part B of the Insurance Distribution Rules and the Conduct of Business Rules, as applicable.

Compliance with Section 11.5 of this Chapter

- 11.5.8 The responsibility for enforcing compliance with Section 11.5 of this Chapter, resides primarily with:
- (a) the authorised undertaking appointing, registering and enrolling persons as a tied insurance intermediary to carry out tied insurance intermediaries activities on its behalf; and
  - (b) the authorised undertaking or the enrolled insurance broker, as applicable, appointing, registering and enrolling persons as an ancillary insurance intermediary to carry out ancillary insurance intermediaries activities on its behalf.
- 11.5.9 The said responsibility derives from articles 37(9) and 43E(11) of the Act, respectively.

## 11.6 Guidance on Technology Arrangements, ICT and Security Risk Management, and Outsourcing Arrangements

- 11.6.1 A tied insurance intermediary and an ancillary insurance intermediary shall, taking into account the size, nature, scale and complexity of the said tied insurance intermediary or ancillary insurance intermediary and on a best effort basis, refer to the [Guidance on Technology Arrangements, ICT and Security Risk Management, and Outsourcing Arrangements](#)

