



**Circular No. 5 of 2022**

**Date: 2<sup>nd</sup> June, 2022**

**Remittance of premiums due to insurers**

The Financial Services Authority (“FSA”) would like to draw the attention of all its licensees under the Insurance Act, 2008 (“the Act”), pertaining to the remittance of premiums due to the insurers.

Paragraph 5.5.2 of the Code on Market Conduct for Insurance Brokers stipulates that insurance brokers are required to maintain a separate bank account for its customers, adequate records of the amount of money transacted must be maintained and made available to the Authority when requested. This separate account is solely for the collection of premiums as per section 70 of the Act.

Paragraph 5.5.3 provides that all money received by a broker must be paid to the insurer directly or into the insurer’s specified bank account within fourteen (14) working days of receiving the money. Where any premiums for clients are paid directly to insurers, the broker agreement should stipulate the time period for payment of commissions.

Therefore, insurance brokers failing to adhere to the provisions stated above shall result in the Authority taking enforcement actions under the Act as applicable.

Moreover, the FSA would also like to remind all licensed insurers that they duly hold written agreements with the brokers that they transact business with. These agreements commonly states that:

- Premiums must be paid as per agreed time frame in brokers agreement;
- The insurer reserves the right at all times to approach policyholder directly for collecting premiums;
- The insurer reserves the right to hold back commission payment;
- The insurer reserves the right to terminate appointment with the broker where the company has reasonable grounds to do so.

Thus, the onus is on the insurers to ensure that they enforce their brokers agreements as applicable. However, brokers must also ensure that they act in accordance with the terms and conditions of their broker’s agreement.

Please be advised that, the FSA will be continuing with its regulatory checks and onsite inspections to ensure that licensed entities are adhering to this circular and relevant codes issued by the Authority. Non-compliance may result in further enforcement action being taken against licensed entities.

The FSA therefore expects full compliance to these requirements from all licensed entities.

A handwritten signature in blue ink, appearing to read 'D Thesè', with a stylized flourish at the end.

**Damien Thesè (Mr.)**  
**Chief Executive Officer**  
**Financial Services Authority**