



**Circular No. 5 of 2020**

**Date: 25<sup>th</sup> May, 2020**

**Prohibition on employees of insurers to act as sub-agents**

The Financial Services Authority (“FSA”) would like to draw the attention of all its licensees under the Insurance Act, 2008 (“the Act”), pertaining to various requests made by several insurance companies regarding the eligibility of part-time or full time employees within their organization to act as a sub-agents of the insurer.

As part of the FSA’s objective of ensuring the fair treatment of policyholders under the Section 3(1)(c) of the Act and in consideration of the importance of mitigating potential conflict of interests in line with ICP 19 issued by the International Association of Insurers Supervisors, the FSA, as the insurance authority for insurance business, is of the view that by allowing for such practice, the risks of potential conflict of interest could arise and create unfair competition between sub-agents employed by insurance companies and independent sub-agents as the sub-agent would be interacting with both the policyholder and the insurer.

The FSA therefore hereby prohibits any employee (part time or full time) of an insurer to apply and act as a sub-agent of an insurer.

**Financial Services Authority**