

## **Chapter on Ancillary Insurance Intermediary**

### **1.1 Introduction**

1.1.1 This Chapter which is made pursuant to articles 4 and 43E of the Act, lays down the Insurance Distribution Rules to be complied with by an ancillary insurance intermediary carrying out insurance distribution activities on an ancillary basis. The Chapter shall determine the different types of appointments which an ancillary insurance intermediary may obtain and other requirements which are to be complied with by an ancillary insurance intermediary.

### **1.2 Application**

1.2.1 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 an insurance broker, to carry out ancillary insurance intermediaries activities as listed in paragraph (5) of the Third Column of the Schedule, and on a continuing basis, a person registered and enrolled with the competent authority in the Ancillary Insurance Intermediaries List.

(“ancillary insurance intermediary”.)

### **1.3 Definitions**

For the purposes of this Chapter:

“authorised undertaking” means an authorised insurance undertaking which has received authorisation pursuant to article 7 of the Insurance Business Act or a company enrolled under the Insurance Distribution Act to act as an insurance agent;

“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;

“insurance broker” means a person enrolled under article 13 of the Act, carrying on business of insurance broking.

## **1.4 Requirements**

1.4.1 A person shall be entitled to be appointed and registered in the Ancillary Insurance Intermediaries Company Register of an authorised undertaking or an insurance broker where such person:

(a) attends an ancillary insurance intermediary course as referred to in paragraph 1.5.1 of the Chapter on Knowledge and Ability; and

(b) has the necessary knowledge and ability requirements in accordance with paragraph 1.12.2 of the Chapter on Knowledge and Ability.

## **1.5 Appointment of an ancillary insurance intermediary**

1.5.1 A person may obtain appointment and registration in the Ancillary Insurance Intermediaries Company Register of an authorised undertaking or an insurance broker, and enrolment in the Ancillary Insurance Intermediaries List, subject to the conditions set out in paragraphs 1.5.4 to 1.5.12 of this Chapter.

1.5.2 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.

1.5.3 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 group of classes of general business indicated in the Appendix to this Chapter.

### *Appointment by an authorised undertaking*

1.5.4 An ancillary insurance intermediary shall carry out ancillary insurance intermediary activities in the class or classes of long term business or the group or groups of classes of general business specified in the authorised undertaking's appointments subject to paragraph 1.5.3.

### *General Business*

1.5.5 Subject to paragraph 1.5.6, 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.

1.5.6 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 group of classes of general business of the same kind, if the insurance products to be distributed in terms of such class or group of 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*

- 1.5.7 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.
- 1.5.8 Where an ancillary insurance intermediary has obtained an appointment and registration in the Ancillary Insurance Intermediaries Company Register of an authorised undertaking and is to be enrolled in the Ancillary Insurance Intermediaries List to carry on long term business, and where such intermediary collects and holds clients' monies, such ancillary insurance undertaking shall inform in writing the competent authority of the proposed money laundering reporting officer as required by the Chapter on the Application Process<sup>1</sup>.

#### *Appointment by an insurance broker*

- 1.5.9 Subject to paragraph 1.5.3, any person desirous of seeking appointment and registration in an Ancillary Insurance Intermediaries Company Register of an 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*

- 1.5.10 Where an ancillary insurance intermediary acts on behalf of an insurance broker, the fair analysis shall only be carried out by the 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.

---

<sup>1</sup> This is subject to any future obligations which may be contained in the Prevention of Money Laundering and Funding of Terrorism Regulations (S.L. 373.01).

Possible appointments of an ancillary insurance intermediary

1.5.11 For the avoidance of doubt and subject to the provisions 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

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

- (a) an 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 insurance broker.

### Computer Link Arrangement

1.5.13 An ancillary insurance intermediary, whether appointed by an authorised undertaking or by an insurance broker, may be granted a computer link arrangement in accordance with paragraph 1.5.1 of the Chapter on Computer Link Arrangements.

### **1.6 Knowledge and Ability**

1.6.1 A person desirous to be appointed and registered in the Ancillary Insurance Intermediaries Company Register of an authorised undertaking or an insurance broker shall, 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 required in terms of paragraph 1.12.2 of Part B of the Chapter on Knowledge and Ability.

### **1.7 Continuous Training**

1.7.1 An ancillary insurance intermediary shall undertake training annually in order to update the knowledge and ability requirements referred to in paragraph 1.6.1.

1.7.2 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 1.6.1. The authorised undertaking or the insurance broker who appoints an ancillary insurance intermediary shall also be responsible to maintain records of the training such ancillary insurance intermediary has undertaken in accordance with the requirements set out in Section 1.6 of the Chapter on Continuous Professional Development.

### **1.8 Record keeping Requirement**

1.8.1 An ancillary insurance intermediary shall retain its records relating to the ancillary insurance intermediaries activities for a period of at least five (5) years.

### **1.9 Conduct of Business Rules**

1.9.1 The contents of this Chapter shall be read in conjunction with the requirements of the Conduct of Business Rulebook which prescribes the conduct of business requirements for, insurance undertakings and insurance intermediaries including ancillary insurance intermediaries.

## APPENDIX

(Paragraph 1.5.3 of the Chapter)

### Business of insurance not subject to ancillary insurance intermediaries activities

#### Title I

##### Long term business

Class Number	Description
III	Linked Long term
V	Tontines
VII	Pension fund management
VIII	Collective insurance
IX	Social insurance

#### Title II

##### General business

Class Number	Description
4	Railway rolling stock
5	Aircraft
6	Ships (sea, lake and river and canal vessels)
7	Goods in transit, <i>in so far as it refers to Groups 3 and 4</i>
11	Aircraft liability
12	Liability for ships (sea, lake and river and canal vessels)
14	Credit
15	Suretyship