



REVISED GUIDELINES ON:

**MARKET CONDUCT FOR INSURANCE COMPANIES AND
INTERMEDIARIES**

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THESE GUIDELINES APPLY TO ALL INSURERS AND INTERMEDIARIES REGISTERED TO CONDUCT INSURANCE BUSINESS IN JAMAICA.

1.0 INTRODUCTION

- 1.1 The Financial Services Commission (“the Commission”) is mandated by section 6(1) of the Financial Services Commission Act, 2001 (“FSC Act”) to promote stability and public confidence in the operations of the financial institutions that it regulates; promote public understanding of the prescribed institutions; and promote the modernization of the financial services with a view to the adoption and maintenance of international standards of competence, efficiency and competitiveness. Section 6(2) (a) of the FSC Act also mandates the Commission to ensure that appropriate standards of conduct and performance are maintained by these institutions. These guidelines are also in keeping with national initiatives to promote greater financial inclusion and to ensure that insurance services are delivered in a responsible and sustainable way.
- 1.2 The purpose of these Guidelines is to establish specific standards for insurance companies and intermediaries registered in Jamaica, in conducting insurance business with customers, and by extension, policyholders.
- 1.3 The Insurance Act, 2001 (“Insurance Act”) and Insurance Regulations, 2001 (“Insurance Regulations”) seek to promote stability within the insurance industry, thereby, maintaining public confidence in the relationship between policyholders, insurance companies and insurance intermediaries. Confidence in the insurance industry can be eroded if insurance companies and intermediaries engage in unethical behaviour. By law, insurers have a duty of care to policyholders. Consequently, when intermediaries act as agents of these insurers, they must be held to the same standards. The Commission is mandated to ensure that the principles and practices of sound market conduct are observed by all its registrants in order to protect the interests of policyholders.
- 1.4 Market Conduct refers to all strategies, policies, activities, systems, practices and measures that are executed or performed by insurance companies and intermediaries in the ordinary course of business, prior to parties entering a contractual arrangement and until all obligations under the contract have been satisfied, to ensure that all customers are treated fairly. .
- 1.5 The Commission recognizes the need for guidance on market conduct to reinforce legislation and provide standards for acceptable business practices for the protection of policyholders.
- 1.6 These Guidelines represent the minimum standards that should be observed and the Commission anticipates full compliance from insurers and intermediaries.

¹Source: IAIS Core Principles 19, Conduct of Business, page 287.

²Source: Financial Conduct Authority’s Fair treatment of Customers.”

2.0 DEFINITIONS

2.1 For the purpose of these Guidelines, the following definitions, as provided in the Insurance Act, will apply:

- 2.1.1 **Insurer** means a company registered in Jamaica to carry on insurance business and, except where otherwise stated, includes all the members of an association of underwriters which is registered in Jamaica.
- 2.1.2 **Insurance Intermediary** means an agent (including a managing general agent), broker (including facultative placement broker and reinsurance broker), sales representative, adjuster, insurance consultant, or such other persons registered to carry on insurance business in Jamaica.
- 2.1.3 **Policyholder** means the person who for the time being has legal title to a policy and includes any person to whom a policy is for the time being assigned.

3.0 OBJECTIVES

3.1 The objectives of these Guidelines include, but are not limited to, ensuring that each insurer and intermediary:

- 3.1.1 acts with high standards of integrity and fair dealing in the conduct of its business;
- 3.1.2 acts with due care, skill and diligence when dealing with customers;
- 3.1.3 promotes products and services in a manner that is clear, fair and not misleading;
- 3.1.4 has policies and processes in place to handle complaints in a timely, fair and effective manner;
- 3.1.5 has policies and processes in place to handle claims in a timely and fair manner;
- 3.1.6 obtains sufficient information about the customer to assess his/her insurance needs and treats confidential information as such; and
- 3.1.7 communicates relevant and meaningful information to policyholders in a timely and comprehensive manner.

4.0 INTEGRITY AND FAIR DEALING

- 4.1 Insurers and intermediaries should implement recruitment policies that ensure the employment of persons of the highest calibre who can meet the fit and proper requirements as stipulated by sections 2(3), 11(1) and 73(2) of the Insurance Act.
- 4.2 Insurers and intermediaries should develop charters, setting out standards of service that is to be delivered to their policyholders. A system should be implemented to regularly monitor the quality of service being delivered by their staff members.
- 4.3 Insurers must give fair and equal treatment to all policyholders and are not to make or permit any unfair discrimination against any person or persons, in respect of premiums charged, limitations placed on sums insured, or by refusal to renew an insurance contract. Insurers should ensure that information is passed to all policyholders in a timely and efficient manner. Insurers are not to engage in unfair trade practices outlined in regulation 142 of the Insurance Regulations.

- 4.4 Insurers have a duty to ensure that intermediaries acting on their behalf comply with the insurer's policies and procedures and the provisions of the Insurance Act and Insurance Regulations.
- 4.5 Intermediaries must ensure that all premiums are paid to the insurer within the agreed credit period and monitor the progress of all claims while giving professional assistance to the policyholder, adjuster and insurer, to facilitate efficient and just settlement.
- 4.6 Intermediaries must monitor the progress of all claims while giving professional assistance to the policyholder, adjuster and insurer, to facilitate efficient and just settlement.

5.0 CARE, SKILL AND DILIGENCE

- 5.1 Insurers and intermediaries should conduct their business activities with due care, skill and diligence ensuring that policyholders are adequately informed and given full explanations of the nature and effect of all provisions in insurance policies issued and distributed by them.
- 5.2 Section 36 of the Insurance Act requires that directors and senior officers of insurers consider the interests of policyholders while discharging their duties to act honestly and in good faith in the best interests of the company.
- 5.3 Insurers and intermediaries are required to develop, execute and maintain appropriate and up-to-date employee training policies, procedures and training manuals that are approved by the Board of Directors.
- 5.4 Insurers must conduct training sessions at appropriate intervals to educate their sales representatives, agents and brokers about the nature and characteristics of all their insurance products.
- 5.5 Intermediaries must ensure that their sales representatives are trained and equipped to adequately advise customers on the features and characteristics of all insurance policies that they sell.
- 5.6 Life insurers should not issue any insurance policy unless that policy has been approved by the Commission, in accordance with section 90 of the Insurance Act. Insurers must comply with the Guidelines established by the Commission for the approval of policies. (AR-Guid-07/06-005).
- 5.7 Insurers and intermediaries have a duty of care to ensure that persons employed to solicit and negotiate insurance contracts are fit and proper persons and are registered by the Commission.
- 5.8 Insurers must conduct due diligence that provide satisfactory evidence that intermediaries which conduct business on their behalf are duly registered by the Commission. Payment of compensation to an unregistered person for placing or negotiating insurance is a criminal offence under section 85 (2) of the Insurance Act.
- 5.9 Payment of compensation to an unregistered person for placing or negotiating insurance is a criminal offence under section 85 (2) of the Insurance Act.
- 5.10 Section 83 of the Insurance Act, makes it an offence for an intermediary to obtain payment of premium on an insurance policy by fraudulent representation or cause a policyholder to discontinue any insurance policy without reasonable grounds that the discontinuance would benefit the policyholder. Section 84 stipulates that an intermediary is personally liable to the policyholder in respect of unlawful insurance contracts, made by or through that intermediary directly with an unregistered insurer.

- 5.11 Intermediaries registered by the Commission as Facultative Placement Brokers are required to conduct proper due diligence on the unregistered insurance company to ensure that the interest of the policyholder is protected, in accordance with regulations 145 and 146, of the Insurance Regulations.

6.0 DISCLOSURE OF INFORMATION

- 6.1 Insurers must ensure that policy documents are written in clear language that is easily understood. The insurer and intermediary, however, have the responsibility to give full and clear explanations to all queries from policyholders.
- 6.2 Insurers and intermediaries are required to take reasonable care to ensure that information disclosed to customers is accurate, relevant and meaningful and is not deceptive particularly those relating to key contractual terms (like, for example, the average clause, deductibles or excesses, warranties or restrictive terms and conditions).
- 6.3 Insurers must give the prospective customer a summary of the policy provisions before finalising the sale of the policy in order to properly disclose the main provisions of the policy but not to overload the customer with detail. The policy summary should include the logo in a prominent position on the top of the policy summary, the name of the insurance company, the type of insurance and cover, significant features and benefits, significant or unusual exclusions or limitations, duration of the policy, contact details for claims handling, procedure for making complaints and a statement that the summary does not contain the full terms of the policy, but such details can be found in the policy document.
- 6.4 Insurers and intermediaries are required to provide adequate information about benefits, risks and obligations associated with the insurance product, as well as, information about the procedures for filing complaints and making claims to policyholders. The information must be provided in written or electronic format.
- 6.5 Insurers must provide information about premium computation in a manner designed to enable the customer to make informed decisions. Information on premiums and premium rates should be provided in writing, in good time and should include the total premium payable and the basis of calculation so that the customer can review the information intelligently. This requirement extends to other fees, administrative charges and taxes payable by the customer.
- 6.6 Insurers and intermediaries must communicate to their customers the details of any fees other than premiums for an insurance activity and all fees that may be charged during the life of a policy. The details must be given before the customer becomes liable to pay the fee, or before conclusion of the contract, whichever is earlier. To the extent that an actual fee cannot be given, the basis for calculation must be stated.
- 6.7 Insurers and intermediaries are required to make their latest financial statements available in a convenient location within their head office and branches, in order to assist customers in assessing their financial position.
- 6.8 Life insurers must give written statements to policyholders, who hold investment-linked policies, on the performance of their investments, at least annually. Where the insurance policy that is being sold as an investment-linked product, the insurer must notify potential policyholders in writing of the reasons for the variable nature of premiums and the fact that the potential policyholders will reap the reward and bear the risk of the investment-linked policy. The fact that the mortality charge increases with age and that returns from the investments pay those increases should be explained and it should be made clear that if the

investment returns do not materialise as expected, the contribution to premiums from investment returns may not cover the increased mortality charge and hence the policy could lapse even though the regular premiums are being paid.

- 6.9 Life Insurers must provide information to the customer regarding his/her right to review an insurance policy before entering into a contractual arrangement to purchase the policy. In the case of a general insurer, the client should review the information prior to finalising the contract. The policyholder must be advised of the consequences of terminating his/her policy contract and this information must be given at inception of the policy contract.
- 6.10 Insurers should ensure that a written notice of cancellation or non-renewal (for non-payment of premiums or a breach) of an insurance policy is given to the policyholder, in accordance with regulation 131(1) of the Insurance Regulations; the notice should also comply with the provisions of the policy.
- 6.11 Pursuant to section 110 of the Insurance Act, Life insurers should issue a notice to the prospective policyholder, at the time the contract is entered or no later than fifteen days after; specifying the nature and type of the policy, together with a *Notice of Cancellation Form* for use by the potential policyholder if he/she no longer wishes to purchase the policy. The life insurer must also bring to the attention of the prospective policyholder that he/she has the right to cancel the policy within 10 days of receiving the notice, pursuant to section 111 of the Insurance Act. The insurer must deliver the insurance policy to the new policyholder no later than 15 days after the policy was approved.
- 6.12 A life Insurer may not terminate a policy solely for overdue premiums if the policy has been in force for at least three years and the cash surrender value of the policy exceeds the amount of premiums outstanding unless the life insurer issues a notice to the policyholder stating the amount due or payable at the date of the notice, in accordance with section 112 of the Insurance Act. The insurer must bring to the attention of the policyholder that the outstanding amount may attract interest at the prescribed rate.
- 6.13 An intermediary is required to disclose to the customer, prior to placing an insurance contract with an insurer, whether it gives advice based on fair market analysis or it is under an exclusive contractual agreement with one or more insurers. The intermediary should also disclose any affiliation or association with any insurance company.
- 6.14 Insurers must provide appropriate and adequate information to a group insurance policyholder and make available brochures and other documents to assist the process. The insurers should hold scheduled training sessions with the Human Resources Departments of corporate policyholders and Group Leaders of other group policyholders as well as members of the group insurance policy plans to communicate the provisions of the group policies effectively.
- 6.15 In accordance with sections 19 and 81 of the Insurance Act, insurers and intermediaries must display their certificates of registration prominently in all places of business to inform the public of the classes of business for which they are registered. Insurers and intermediaries should not display certificates of registration that are no longer valid. Sales representatives should be in possession of valid identification cards that are issued by the Commission.
- 6.16 Pursuant to section 142 of the Insurance Act, insurers and intermediaries must include the word “insurance” or “assurance” in their business names and must seek written approval from the Commission to exclude the words from their names.
- 6.17 Pursuant to regulation 124, the life insurer has a duty to explain to potential policyholders the risks involved in replacing his/her insurance policy and to ensure that the policyholder’s intention is genuinely to replace

the policy, before processing the application for replacement insurance. If there is an outstanding loan balance on an insurance policy involved in the transaction, the insurer should caution the policyholder that "it is not usually advisable to borrow against policy loan values beyond the expected ability or intention of the applicant to repay."

7.0 INFORMATION ON CUSTOMERS

- 7.1.0 Insurers and intermediaries should obtain relevant information on their customers to offer appropriate advice concerning products and services and to guard against money laundering.
- 7.2 Customers should be informed about their duty to make true, fair and complete disclosure and to furnish all relevant information which may be considered as having a bearing on the risk to enable the insurer or insurance intermediary to properly assess the risk to be covered by a policy.
- 7.3 Information that a customer might reasonably expect to be confidential should be treated as such. However, the customer should be informed of the insurer's or intermediary's obligation to disclose information when properly required to do so by the Commission, or if ordered to do so by a court of competent jurisdiction or other due process of law. Information should not be disclosed to a third party without the customer's consent unless so ordered by a court or other judicial authority.
- 7.4. Insurers and intermediaries should ensure that they have appropriate records management systems and controls in place to fulfil their regulatory and statutory obligations.
- 7.5. Insurers and intermediaries should ensure that records are maintained in a manner that is confidential. The maintenance and safe-keeping of records should in a manner to restrict inappropriate access, while ensuring confidentiality.
- 7.6. Insurers and intermediaries should ensure that there are information security systems in place to protect policyholders' information and respect their privacy. To achieve this, they must train staff, employ appropriate technologies, identify potential risks and have contingency plans in place to mitigate them.

8.0 CONFLICTS OF INTEREST

- 8.1 Insurers and intermediaries should endeavour to avoid any conflict of interest that may arise in their dealings.
- 8.2 Managing conflicts of interest fairly extends to, but is not limited to, soliciting or accepting inducements which conflict with an insurer's or intermediary's obligations to its customers. Inducements are benefits such as, but are not limited to cash or cash equivalents and goods, which are offered to a company or intermediary, or any individual acting on its behalf, with a view to that insurer or intermediary, or that individual, adopting a particular course of action. An insurer or intermediary that provides such benefits should consider whether doing so conflicts with its duty to act with integrity and to treat customers fairly.
- 8.3 Where a conflict of interest arises, the insurer or intermediary should ensure fair treatment of all its customers by putting in place a formal policy that requires disclosure of conflicts of interest when they arise. In these situations, managers and staff should recuse themselves, decline to act, or otherwise as appropriate.
- 8.4 Intermediaries, including sales representatives, must not encourage policyholders to lapse or surrender their insurance policies with one company in order to replace them with similar policies in another company.

Transactions of this nature should be conducted in accordance with regulation 124 of the Insurance Regulations.

- 8.5 Intermediaries should disclose to customers the terms and conditions of business between themselves and the customer and make clear the terms of reference. They should also disclose all association and affiliation with any insurer with whom they do business, and where potential conflicts of interest arise, the basis on which they are remunerated by these companies.

9.0 ADVERTISEMENTS

- 9.1 Advertisements in all media or printed material issued by insurers and intermediaries for promotion or information should be prepared in a manner that is clear, fair and not misleading to the policyholder.
- 9.2 Insurers and intermediaries must take reasonable steps to ensure that all advertisements are clear, fair and not misleading before approving them.
- 9.3 Section 146 of the Insurance Act makes it an offence for an insurer or intermediary to knowingly, make or permit to be made any statement or issue any advertisement, circular, descriptive booklet or other document which is misleading or likely to mislead the public in relation to the insurance business.
- 9.4 An advertisement that indicates or implies that an insurer can reduce the premium, provide the lowest premium or reduce a customer's cost should clearly state the basis for any promoted benefits and any significant limitations. The advertisement should be consistent with the result reasonably expected to be achieved by most customers who respond, unless the proportion of those customers who are likely to achieve the financial benefit advertised is stated prominently.
- 9.5 Intermediaries must ensure that their advertisements disclose the full name of the broker or agent and are not designed in such a way as to give the impression that the broker or agent is an *"insurance company"*. Failure to use the word *"broker"* or *"agent"* in the name may mislead the public into thinking that the brokerage or agency is an insurance company.
- 9.6 Advertisements by intermediaries must clearly identify the insurance company that is underwriting the product being advertised. Failure to clearly identify the underwriter of the product may mislead the public into thinking that the insurance product was underwritten by the broker or agent. Only registered insurance companies are permitted to develop, underwrite and issue policies in Jamaica.
- 9.7 Advertisements by intermediaries must not contain statements offering *"discounts"* or the provision of *"premium financing"*. References to discounts erroneously suggest that the broker or agent can alter the terms and conditions of an insurance policy. Intermediaries are not allowed to provide premium financing.
- 9.8 Advertisements must not contain any reference to products which can only be obtained on a facultative placement basis from an unregistered insurer, with prior approval from the Commission. Reference should not be made to products underwritten by an unregistered insurance company, and the name of an unregistered insurance company should not be used in any advertisement.

10.0 COMPLAINTS HANDLING

- 10.1.0 The complaints of customers should be settled in a timely, effective and fair manner. Insurers and intermediaries should have written procedures/policies in place for the proper handling of complaints from customers. The procedures/policies should be made widely available to policyholders (e.g. via the company's website, notices, and noted in literature shared with the policyholders etc.).

- 10.2 At a minimum, the Commission recommends that the complaints procedures should provide that:
- 10.2.0 The insurer/intermediary will acknowledge each complaint in writing within five business days of the complaint being received;
 - 10.2.1 The insurer/intermediary will provide the complainant with the name of one or more individuals appointed by the insurer/intermediary to be the complainant's point of contact in relation to the complaint until the complaint is resolved;
 - 10.2.2 The insurer/intermediary will provide the complainant with regular written updates on the progress of the investigation of the complaint at intervals of not greater than twenty business days;
 - 10.2.3 The insurer/intermediary will attempt to investigate and resolve a complaint within forty business days of having received the complaint. Where the forty business days have elapsed and the complaint is not resolved, the insurer/intermediary will inform the complainant of the anticipated timeframe within which the insurer/intermediary expects to resolve the complaint; and
 - 10.2.4 The insurer/intermediary will advise the complainant in writing of the outcome of the investigation, within five business days of the completion of the investigation of a complaint, and where applicable, explain the terms of any offer or settlement being made.
- 10.3 Insurers and intermediaries should log and keep a record of all complaints and the actions that were taken to resolve them. The log and record must be available for examination by the Commission, in accordance with regulations 142(3) (p) and (q), of the Insurance Regulations.

11.0 CLAIMS MANAGEMENT AND INSURANCE FRAUD

- 11.1 Insurers and intermediaries should maintain a *Claims Procedures Manual* for internal use and at least one employee should be responsible for ensuring that it is maintained and revised when necessary. The senior management is responsible for ensuring that this manual is kept up-to-date.
- 11.2 Insurers and intermediaries must ensure that employees in the Claims Department are competent and are qualified to process all claims effectively. Companies must foster and conduct ongoing internal and external training.
- 11.3 Claim settlement procedures should be clearly identified and outlined in the insurance policy and should be appropriately communicated to the policyholder. Insurers should honour the terms and conditions of claims provisions contained in the policy document.
- 11.4 Insurers and intermediaries should provide the policyholder with a claim form and the information necessary to report a claim within a reasonable period of time, in order to satisfy the limit in the policy contract, to ensure that the claims reporting process proceeds as smoothly as possible.
- 11.5 Insurers should ensure that the claims department is available within business hours, to the claimant. If an intermediary is the initial contact for claimants, claims should be sent to the insurer within five business days, once all the relevant documents have been received to process the claims.
- 11.6 At a minimum, the Commission directs that the claims procedures should provide that:

- 11.6.1 The insurer will establish a *Claims Log* to record the activities undertaken pursuant to the claims process;
 - 11.6.2 The insurer/intermediary will contact the claimant or sends an acknowledgement of receipt in writing within five business days of the claim being received;
 - 11.6.3 The insurer will send to the claimant, within five business days of the claim being received, a list of the specific documents when required to file a claim;
 - 11.6.4 The insurer will notify and explain to the claimant at the earliest time and in writing when it appears that the claim is not covered by the insurance policy;
 - 11.6.5 The insurer will contact any other insurer that is involved in the claim and resolve any inter-insurer dispute within 40 business days after the receipt of the completed set of claim documents that establishes proof of claim. Where claim settlement procedures involve several insurers, indemnifying the policyholder should be priority while potential disputes between insurers are dealt with at a later date;
 - 11.6.6 The insurer will inform the claimants of their rights and duties and treat all fairly.
 - 11.6.7 When appropriate, if an insured incurs an insurance loss as a result of a third party, the insurer will inform the policyholder of its right of subrogation and the main principles governing the process;
 - 11.6.8 In assessing claims, the insurer will ensure that any loss evaluation methods used are reasonable and coherent. The insurer will use internal assessment methods based on the Insurance Regulations;
 - 11.6.9 Insurers will notify claimants whenever they employ the services of loss adjusters or other intermediaries whose competence and qualifications the insurers must ascertain. Whenever the damage is assessed, the insurer will send a copy of the written estimate used to calculate the amount of compensation to the claimant; and
 - 11.6.10 Insurers will not deny a claim without reasonable investigation, hide policy coverage provisions of any insurance policy when they are pertinent to a claim, discourage claimants from seeking an attorney or adjuster, attempt to settle claims for less than the amount to which the claimant is entitled to receive, in line with contract or negotiated amounts, transfer responsibility for the claim to others, except where it is stated explicitly in the policy conditions.
- 11.7 Insurers and intermediaries, where applicable, should make every effort to settle legitimate claims with unavoidable delay. Regulations 132 to 139 of the Insurance Regulations, stipulate the actions that an insurer and insured should take in the event of a claim. Regulation 135 requires that claims be settled with unavoidable delay if:
- i. the insured event has been proved,
 - ii. the liability under the policy has been agreed,
 - iii. the amount payable by the insurer has been agreed, and
 - iv. the entitlement of the claimant to receive payment has been established.

The claim must be paid by the insurer within 30 days when **the conditions listed above (i-iv) have been satisfied**. If payment of the claim is delayed for 30 days or more when the four conditions have been met, then the insurer must pay interest to the claimant at the prescribed rate in accordance with regulation 135.

The following procedures should be followed before the payment of a claim:

- 11.7.1 The insurer will communicate to claimants the progress of the claim, in accordance with the policy limits. If there are delays in processing the claims beyond the statutory 30-day period, the insurer must notify the claimant in written form within 5 days of the expiration of the 30-day period. In this instance, the insurer is required to provide the claimant with the reason(s) for the delay and state a timeline for the claim settlement; and
- 11.7.2 If the amount payable by the insurer is different from the amount claimed, the insurer must provide an explanation for this to the claimant.
- 11.8 Insurers should keep a statistical database tracing their performance in settling claims as well as trends in settlements and expenses.
- 11.9 Insurers should carry out regular internal audits for all stages of the claims management process.
- 11.10 With respect to motor vehicle claims, insurers and intermediaries should be guided by the Market Conduct Guidelines on Best Practice for Motor Insurance Claims (IR-GUID-09/08-0014), issued by the Commission.
- 11.11 Insurers and intermediaries should bear in mind that section 82 of the Insurance Act, puts an insurer on risk for insurance cover once the intermediary collects the premium on the insurer's behalf.
- 11.12 In an effort to reduce fraudulent claims, insurers and intermediaries are encouraged to take the following steps:
 - 11.12.1 Establish compliance programmes for combatting fraud and money laundering appropriate to their exposure and vulnerabilities;
 - 11.12.2 Invest in fraud-detection systems and explore different technologies including but not limited to link analysis and anomaly detection to uncover both opportunistic and organized fraud;
 - 11.12.3 Provide employees in the claims department with adequate training on insurance fraud indicators;
 - 11.12.4 Discourage fraudulent claims by informing the claimant of the consequences of submitting a false and/or incomplete statement. Claim forms should contain extracts of the appropriate law, statute or regulations against the filing of fraudulent claims.⁴

12.0 COMPLIANCE

- 12.1 Insurers and intermediaries should establish and maintain systems and controls to enable on-going monitoring of compliance with these Guidelines and ensure that controls and procedures are properly documented.
- 12.2 Insurers and intermediaries should ensure that systems and procedures are developed and implemented in order to comply with the Insurance Act, the Insurance Regulations and all Guidelines issued by the Commission including proper record-keeping.
- 12.3 Compliance with these Guidelines will be checked by the Commission when it performs on-site examinations of insurers and intermediaries and also when it investigates policyholders' complaints lodged

with the Commission. During the on-site examination, the Commission may include in its review among other matters the following:

- 12.3.1 The insurer's/intermediary's policies and procedures for compliance with these Guidelines;
- 12.3.2 The sufficiency and adequacy of the information given to consumers;
- 12.3.3 The record of complaints, including the frequency and nature, and the timing and resolution of the matters raised in the complaints;
- 12.3.4 The policies and procedures on claims handling and settlement as well as the actual experience in implementation; and
- 12.3.5 The marketing and advertising material for compliance with the insurance legislation and these Guidelines.

13 CONCLUSIONS

The Commission will continue to undertake assessments of insurance companies and intermediaries through on-site examinations to determine if these companies operate in compliance with the Insurance Act, the Insurance Regulations and these Guidelines. Policyholder complaints filed with the Commission and other areas of concern identified by the Commission from time to time are significant factors in determining which insurance entities will be examined. This will help to promote a climate of fair competition in the marketplace, protect consumers from practices that are contrary to the Insurance Act, Insurance Regulations and guidelines issued by the Commission and bring about more stability and public confidence in insurance companies and intermediaries.

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