

THE REGULATOR AND YOU!



Facts about INSURANCE

The primary purpose of insurance is to provide financial support in the case of the loss of value, or life or in the financing of medical expenses as a result of the happening of certain events. The events being referred to may be perils, for example fires, hurricanes and theft, or death and ill health. Under contractual arrangements policyholders make regular payments (premiums) to insurance companies and in return the companies make a promise to make agreed financial payments to the policyholders, or their beneficiaries on the happening of the events that produce the losses being insured.



Protection of the interests of policyholders is the primary consideration for the Financial Services Commission (FSC) in its role as supervisor and regulator for the insurance industry. Monitoring both local and foreign companies offering life, health and general insurance products, and the activities of:

- Brokers
- Agents
- Sales Representatives
- Insurance Consultants and Loss Adjusters and the services they provide.



Promoting integrity
in the Financial Sector

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THE INSURANCE ACT 2001

The Insurance industry, severely affected by extensive insolvency problems in several companies in the 1990s, was brought under the control of the new **Insurance Act of 2001**, which has introduced stringent registration requirements for companies and intermediaries, necessary for the protection of policyholders and for restoring liquidity and viability to the sector.

The Insurance Act, 2001 empowers the FSC to:

- Grant, refuse, suspend and cancel an insurance company's registration
- Approve all insurance policies before they are offered to the public
- Conduct examination of each company's affairs or business at least once annually and order corrective measures, where management practices put policyholders and the business at risk
- Investigate operational irregularities and take corrective action, including the removal of key personnel, where necessary
- Review annual statements, corporate data, partnerships and business practices
- Verify the competence and integrity of company directors, managers and other decision makers, in keeping with the "fit and proper" criteria laid down in the law
- Apply to the courts for the winding up of insolvent companies

POLICYHOLDERS HAVE RIGHTS

Policyholders may telephone or write to the FSC, which will investigate and resolve their complaints where the issue of liability does not arise. Issues involving the determination of liability are usually resolved in court. Where settlement of claims is concerned, insurance companies are expected to settle within 30 days after the customer has submitted proof of claim. Under the Insurance Regulations 2001, companies which do not comply will be required to pay interest on the outstanding amount, at the current market rate.



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