



Cayman Monetary Regulatory Authority International

At the forefront of financial regulation, the Cayman Monetary Regulatory Authority International (CMRAI) is dedicated to upholding the highest standards of financial oversight and compliance. Our mission is to safeguard the stability and integrity of the global financial system by ensuring that financial services operate within a framework of transparency, accountability, and excellence.

As a trusted partner to financial institutions worldwide, CMRAI provides rigorous supervision, innovative solutions, and strategic guidance to foster a secure and thriving financial environment. With decades of experience and a commitment to global standards, we stand as a pillar of trust and security in an ever-evolving financial landscape.

With a legacy of excellence in financial oversight, the Cayman Monetary Regulatory Authority International (CMRAI) is a beacon of trust in the international financial community. Our role extends beyond regulation; we are innovators, collaborators, and protectors of the global financial ecosystem. By fostering compliance, promoting best practices, and embracing technological advancements, CMRAI ensures that financial services remain resilient and adaptable in a dynamic global market.

Our comprehensive approach to regulation encompasses a deep understanding of financial risks and a proactive stance on emerging challenges. We are committed to empowering financial institutions with the tools and guidance necessary to navigate complex regulatory landscapes, thereby contributing to global economic stability and growth.

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 Guidance Market Conduct Insurers, Agents and Brokers 1. Statement of Objectives
 1.1. To provide guidance on the requirement imposed on licensees by the Rule on
 Market Conduct. 1.2. To provide a standard of best practice to insurance licensees in
 conducting business with customers. 2. Introduction 2.1. The Insurance Law seeks to
 provide for stability within insurance markets thereby maintaining confidence in the
 relationship between customers, Insurers and Intermediaries. 2.2. There is a need for
 sound market conduct guidance to reinforce legislation, the Rule on Market Conduct
 and to provide basic standards of business conduct to strengthen consumer
 confidence and protection. Such guidance will provide direction as to what are
 legitimate and acceptable practices in the domestic insurance market. 3. Scope of
 Application This Statement of Guidance applies to all Class A Insurers and Insurance
 Intermediaries licensed under the Insurance Law, 2010 (IL) by the Authority in their
 conduct of domestic insurance business. The Statement of Guidance also applies to Class
 A insurers overseas operations under its Cayman Islands licence. 3.1. This Statement of
 Guidance applies to Class B Insurers in their conduct of insurance business with third
 party policy holders. The Statement of Guidance also applies to Class B Insurer s
 insurance products that are sold by Insurance Intermediaries and insurance business
 conducted through non-digital means. The Statement of Guidance applies to insurers and
 Intermediaries conducting insurance business through digital channels. 3.2. This
 Statement of Guidance does not apply to reinsurers conducting reinsurance business.

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Policy and Development Division Page 2 of 13 4. Definition 4.1.
 Customer Includes any policyholder, prospective policyholder, or applicant for a contract of
 insurance including plan participants of a trust where the trust is used to hold an insurance
 contract. 4.2. Insurance Intermediaries As per the IL, Intermediaries fall into two
 categories in the Cayman Islands. i. Insurance Agent means a holder of a valid
 insurance agent licence for the soliciting of domestic business on behalf of not more than
 one general insurer and one long term insurer. In this Statement of Guidance, Agent
 includes a natural and a corporate person. ii. Insurance Broker means a holder of a
 valid insurance broker licence for arranging or procuring, directly or through representatives,
 insurance or reinsurance contracts or the continuance of such contracts on behalf of
 existing or prospective policyholders. For the purposes of this Statement of Guidance
 the term intermediary or insurance Intermediaries refers to a range of Intermediaries
 from individuals to large international firms including introducers/advisors used by
 insurers outside the Cayman Islands. Intermediaries can operate as enterprises or
 divisions of insurers or other financial institutions including banks, or as part of
 non-financial organisations. It also refers to any sub-distributor relationships for the purposes
 of the distribution of the products. 4.3. Policy Servicing Includes all processes relating
 to the administration of an insurance policy including receiving premiums and servicing
 claims, processing changes to information and ongoing communication with the
 Customer including updating records and sending updates and notices regarding the policy

or contract between the Customer and the Insurer. 5. Guidance pertaining to Rule on Market Conduct 5.1 Insurers Responsibility for Intermediaries 5.1.1 Insurers should have policies and procedures in place for determining the fitness and propriety of the Intermediaries that they utilize. 5.1.2 Insurers should conduct appropriate due diligence on the Intermediaries with which they conduct business. Due diligence should include

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Policy and Development Division Page 4 of 13 5.2.3 Insurers and Intermediaries strategies, policies and procedures dealing with the fair treatment of customers should be made available to the Authority upon request. 5.2.4 Insurers and Intermediaries should act in a timely manner, and employ all resources to ensure proper consideration of the customer's needs. 5.2.5 Insurers and Intermediaries should ensure good conduct is upheld throughout an insurance contract's life-cycle. 5.2.6 Intermediaries should receive training on fair treatment of customers policies and procedures from the Insurers on whose behalf they act. 5.2.7 Brokers should use their skill objectively in the best interest of the customer when recommending an Insurer and product to the customer. 5.3 Conflict of Interest 5.3.1 Insurers and Intermediaries should seek to minimize the risk of any conflicts of interest arising, for example through the

holding of Powers of Attorney or Trusteeships or any situation whereby the Intermediary is able to exert a significant influence over the customer. 5.3.2 Where the interests of an Insurer or Intermediary conflicts with the interests of the insured, they should decline to act or withdraw from the relationship unless after full disclosure of the conflicting interests, all relevant parties including the insured, agree in writing that they should continue. 5.3.3 Insurers and Intermediaries should have appropriate policies and procedures for declining business. 5.3.4 The procedures for and conditions under which business will be declined should be clearly documented and communicated to the relevant parties. 5.4 Protection of Information 5.4.1 Insurers and Intermediaries should consider personal information as such regardless of its medium and the form in which it is accessible. 5.4.2 Insurers and Intermediaries should treat information that a customer might reasonably expect to be confidential as such. 5.4.3 Insurers, Agents and Brokers should have the proper safeguards in place for collection, storage and processing of customers confidential

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Policy and Development Division Page 5 of 13 information and to prevent unauthorized access. 5.4.4 Insurers and Intermediaries should take measures to:

- a. the appropriate technology is available and in place to manage adequately the personal and other information an insurer or intermediary is holding on a customer;
- b. policies and procedures relating to the use of data are in place, ensuring that the data collected is not used in an unfair manner including when processed through algorithms or other technologies;
- c. provide necessary training to their employees at all levels in order to promote awareness of privacy protection requirements;
- d. implement internal controls that meet the objectives of privacy protection and support the achievement of those objectives;
- e. ensure that the appropriate technology is in place to manage the financial, medical and personal information of customers;
- f. implement policies and procedures pertaining to the security of private information.
- g. assess the risks associated with any major breaches in security and mitigate the impacts of these on resources, operations, environment and reputation;
- h. determine the measures to be taken in light of the risks occurring from security breaches as part of business continuity planning; and
- i. ensure that group, cross-border or other structures are not abused to circumvent prohibitions on the sharing of personal information.

5.4.5 Insurers and Intermediaries should notify relevant persons of any security breaches that threaten the safety of their private information in a timely manner. 5.4.6 Insurers, Agents and Brokers should be aware of outsourcing risk, especially when the outsourcing agreement is reached with firms in another jurisdiction. 5.4.7 Insurers, Agents and Brokers should be aware of reputational risk arising from cross-border activities and ensure that the firms to which they outsource processes have sufficient safeguards in place to prevent the misuse or inappropriate communication of any personal information they have in their records.

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Policy and Development Division Page 6 of 13 5.5 Disclosure of Information to Customers 5.5.1 In conducting insurance business through digital channels, insurers and Intermediaries should take into account the specifics of the medium used, and use appropriate tools to ensure that customers receive timely, clear and adequate

information that helps their understanding of the terms on which the business is conducted. 5.5.2 Whether Insurers and Intermediaries offer insurance products through digital means or face to face they should disclose relevant business and contact information such as: a. the address of the insurer's head office and the contact details of the supervisor responsible for the supervision of the head office; b. contact details of the insurer, branch or intermediary, and of the supervisor responsible for the supervision of the business, if different from the above; c. the jurisdictions in which the insurer or intermediary is legally permitted to provide insurance; d. procedures for the submission of claims and a description of the claims handling procedures; and e. contact information on the authority or organisation dealing with dispute resolution and/or consumer complaints. 5.5.3 Insurers and Intermediaries may present the information listed in 5.5.2 above in a terms of business agreement or other means that is most useful for the customer. 5.5.4 Where Insurers and Intermediaries use materials such as product information sheets or pamphlets, Insurers and Intermediaries should ensure that these materials are appropriately labelled as such and indicate that they are not exhaustive. 5.5.5 Insurers and Intermediaries should ensure that when information on the product information sheet or pamphlet concerns the content of the insurance contract, reference is made to the relevant provisions of the contract or to the general policy conditions underlying the contract. 5.5.6 Insurers and Intermediaries should inform customers of any specific changes to the Insurer including, but not limited to: a. any change in the name of the insurer, its legal form or the address of its head office and any other offices as appropriate; b. any acquisition by another undertaking resulting in organisational changes as far as the policyholder is concerned; and c. where applicable, information on a portfolio transfer (including

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Policy and Development Division Page 7 of 13 policyholders rights in this regard). 5.5.7 Insurers and Intermediaries should provide ongoing information to customers regarding products with an investment element including: a. participation rights in surplus funds; b. the basis of calculation and state of bonuses; c. the current surrender value; d. premiums paid to date; and e. for unit-linked life insurance, a report from the investment firm (including performance of underlying funds, changes of investments, investment strategy, number and value of the units and movements during the past year, administration fees, taxes, charges and current status of the account of the contract). 5.5.8 Insurers and Intermediaries should provide customers pre-contractual and contractual information on their rights and obligations under the insurance contract e.g. right to claim benefits, right to complain, obligation to monitor cover. 5.6 Advice to Customers 5.6.1 Insurers and Intermediaries providing advice to customers before concluding an insurance contract should ensure that they seek the information from their customers that is appropriate for assessing their insurance demands and needs, before giving advice. This information may include information on the customer's: a. financial knowledge and experience; b. needs, priorities and circumstances; c. ability to afford the product; and d. risk profile. 5.6.2 Where advice is provided, this should be communicated to the customer in written format, on paper or in a durable and accessible medium, and a record kept in a client file. 5.6.3 Insurers and Intermediaries should recognise that advice goes beyond the provision of product information and relates specifically to the provision of a personalised recommendation on a product in relation to

the disclosed needs of the customer. The Insurer or the Intermediary should make it clear whether advice is provided or not. 5.6.4 Insurers and Intermediaries should retain sufficient documentation to demonstrate that the advice provided was appropriate, taking into account the customer's disclosed circumstances. 5.6.5 Insurers should review their Agents' client files to monitor the quality of the advice given by their Agents and take remedial measures if necessary. 5.6.6 Insurers and the Intermediaries should establish continuous training programmes that allow the persons giving advice to: a. keep abreast of market trends, economic conditions, innovations and modifications made to the products and services; b. maintain an appropriate level of knowledge about their industry segment, including the characteristics and risks of the products and services; c. know the applicable legal and regulatory requirements in any jurisdiction in which they operate; d. know the requirements for the communication of information regarding the products and services and for appropriate disclosure of any situation liable to compromise the impartiality of the advice given or limit such advice; and e. be familiar with the documentation regarding the products and services and answer reasonably foreseeable questions. This could include insurers providing training to their sales staff and to Intermediaries in respect of specific products.

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5.7 Product Design and Development

5.7.1 Before bringing a product or service to the market, Insurers should carry out diligent review and testing of the product in relation to its business model, the existing rules and regulations and its risk management approach. 5.7.2 Insurers should provide relevant information to Intermediaries to ensure that they understand the intended target market as well as the characteristics of the product. 5.7.3 Intermediaries should provide the Insurer information on the types of customers to whom their products are being sold and whether the products are meeting their needs, in order to enable the Insurer to assess the appropriateness of the target market and to revise its distribution strategy when needed.

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5.8 Policy Servicing

5.8.1 Insurers hold ultimate responsibility for servicing policies throughout their lifecycle despite any involvement of an intermediary. 5.8.2 Insurers and Intermediaries should recognise that their duty to the customer goes beyond the point of sale. Insurers and Intermediaries should therefore follow-up with clients on a periodic basis to ensure the products which they were sold continue to meet their specific needs. 5.8.3 Where there are changes in terms and conditions of an insurance contract, the Insurer should notify the policyholder of their rights and obligations regarding such changes and obtain the policyholder's consent as appropriate.

5.9 Advertising and Financial Promotion

5.9.1 Before an insurer or intermediary promotes an insurance product, it should take reasonable steps to ensure that the information provided is fair, clear and not misleading. 5.9.2 Insurers and Intermediaries' policies and procedures pertaining to advertising and financial promotion should provide for an independent review of promotional material, intended for customers, other than by the individual or organization that prepared or designed it. 5.9.3 Where promotional material is developed by an

Intermediary on behalf of an Insurer, the Insurer should verify the accuracy of promotional material before it is used. 5.9.4 The individual(s) responsible for the approval of financial promotions should be at least at senior management level and have the requisite skills and knowledge of the product or service that is the subject matter of the financial promotion. 5.9.5 Intermediaries should ensure that their advertisements:

a. 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 . b. Clearly identify the insurance company underwriting the product being advertised. 5.10

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Policy and Development Division Page 10 of 13 5.10.1 The system for complaints handling established by Insurers and Intermediaries should aim to deal with complaints of customers quickly, effectively and fairly. The required complaints process should be simple and equitable, to facilitate resolution effectively. 5.10.2 The established system by Insurers and Intermediaries for handling complaints should include proper policies and procedures of record keeping for each complaint and the measures taken for its resolution. 5.10.3 Insurers and Intermediaries should acknowledge complaints as soon as possible and no longer than five (5) days after receipt of the complaint. 5.10.4 Insurers and Intermediaries should strive to settle complaints as soon as possible. 5.10.5 Insurers and Intermediaries should make information on their complaints handling policies and procedures on available to customers. 5.10.6 Insurers should have transparent systems to handle complaints against Intermediaries. This might include identifying whether particular Intermediaries or particular matters are the subject of regular or frequent complaints. 5.10.7 At a minimum, Insurers and Intermediaries written complaints policies and procedures should, among other things, provide that: a. The Insurer or Intermediary acknowledge each complaint in writing within a specified timeframe of the complaint being received; b. The Insurer or Intermediary provide the complainant with the name of one or more individuals appointed by the Insurer or Intermediary to be the complainant s point of contact in relation to the complaint until the complaint is resolved; c. The Insurer or Intermediary provide the complainant with regular written updates on the progress of the investigation of the complaint at regular intervals; d. The Insurer or Intermediary attempt to investigate and resolve a complaint as soon as possible after having received the complaint and within the time period stipulated within the policies and procedures. e. Where the time period stipulated for handling complaints within the policy has elapsed before the complaint is resolved, the Insurer or intermediary should inform the complainant of the anticipated timeframe within which the Insurer or Intermediary

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Policy and Development Division Page 11 of 13 expects to resolve the complaint. f. The Insurer or Intermediary advise the complainant in writing of the outcome of the investigation, as soon as possible after the completion of the investigation of a complaint, and where applicable, explain the terms of any offer or settlement being made. g. The Insurer and Intermediary have processes for escalation should the complainant not be satisfied. 5.10.8 Insurers and Intermediaries log of all complaints should include sufficient details on the complaints and the

actions that were taken to resolve them. 5.10.9 Insurers and Intermediaries should review complaints from time to time to identify any trends with a view to assessing whether or not there may be deficiencies in their fair treatment of customers policies and procedures. 5.11 Claims Handling 5.11.1 Insurers and Intermediaries should ensure that claim settlement procedures are clearly identified and set out in the policy sold and this procedure should be appropriately communicated to the customer. Insurers must ensure to follow the terms and conditions of claims settlement contained in the policy document. 5.11.2 In claims documentation sent to the policyholder, claim-determinative factors such as depreciations, discounts or policyholder negligence should be illustrated and explained in a comprehensive language. 5.11.3 Where Intermediaries serve as an initial contact for claimants, the insurer's responsibilities towards the policyholder is not diminished. 5.11.4 Insurers and Intermediaries should have appropriate technical and legal competence in claims settlement procedures and receive ongoing training. 5.11.5 Insurers and Intermediaries should be experienced in claims handling and appropriately qualified. 5.11.6 Insurers should not unduly influence the work of adjusters. Adjusters should be able to make recommendations, independent of insurers instructions, on the settlement of individual claims.

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Policy and Development Division Page 12 of 13 5.11.7 Insurers and Intermediaries should ensure dispute resolution procedures follow a balanced approach, bearing in mind the legitimate interest of all parties involved. Procedures should avoid being overly complicated, such as having burdensome paperwork requirements. Decisions should include the reasoning in clear language relating closely to the specific disputable issues. 5.11.8 Insurers and Intermediaries should make all efforts to settle legitimate claims within a reasonable time period. 5.11.9 Insurers and Intermediaries should avoid unreasonable or unsubstantiated delays in determinations on claim settlements especially in instances where the unreasonable delay is to the detriment of the customer in cases where the delay cannot be attributed to the actions of the customer or a third party. 5.11.10 Claim settlement policies and procedures should be written in the spirit in which the policy document was written. Insurers and Intermediaries should avoid all attempts to intentionally delay claim payment or to intentionally quantify claim settlement amounts without appropriate rationale. 5.11.11 Insurers and Intermediaries should review claims from time to time to identify any trends in denial of claims or other trends with a view to assessing whether or not there may be deficiencies in their fair treatment of customers policies and procedures. 5.12 Integrity 5.12.1 Insurers and Intermediaries should at all times act honestly and in a straightforward manner towards their customers. 5.12.2 Insurers and Intermediaries have an obligation to avoid misleading and deceptive acts or representations. They should also not seek to rely unreasonably on any provision of the contract seeking to exclude or restrict any such duty or liability. 5.12.3 Insurers and Intermediaries should seek to minimize the risk of any conflicts of interest arising, for example through the holding of Powers of Attorney or Trusteeships or any situation whereby the Agent or Broker is able to exert a significant influence over the customer. 5.12.4 Brokers are the representative of the insured at all times and should act accordingly. Brokers should at all times conduct business with utmost good faith and integrity and should provide advice objectively and independently in the best interests of the insured.

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interests of the Intermediary conflicts with the interests of the insured, they should decline to act or withdraw from the relationship unless after full disclosure of the conflicting interests, all relevant parties including the insured, agree in writing that they should continue.

5.12.6 The relationship with customers should be one of trust and utmost good faith.

5.12.7 Market participants should act with integrity and avoid aggressive acts and acts that result in the denigration of competition in the market.

5.13 Care, Skill and Diligence

5.13.1 In conducting their business activities, Insurers, Agents and Brokers should act with due care, skill and diligence.

5.13.2 Due (or reasonable) care is the degree of care that a prudent and competent person engaged in the same line of business or endeavour would exercise under similar circumstances.

5.13.3 Insurers and Intermediaries have a duty to act competently and diligently with regard to all transactions between themselves and the customer.