



## FINANCIAL SERVICES REGULATORY AUTHORITY

March 11, 2015

To: All Insurance Companies, Insurance Agents, Insurance Brokers

Dear Sir/Madam,

**Re: Cancellation of Policies Issued Through Insurance Brokers for Non-remittance of Premiums**

The Financial Services Regulatory Authority (FSRA) issues this circular letter in response to undesirable practises within the industry which have raised ethical, regulatory and legal concerns.

Evidence of such practises surfaced during investigations into complaints by clients of insurance brokers regarding the denial of claims by insurers. Our investigations confirmed:

- 1) The individuals' policies were cancelled by the insurers for non-payment of premiums. However, premiums were in fact paid by the insured to the insurance broker; but the premiums were not remitted to the insurer.
- 2) Notice of cancellation was sent to the insured through the insurance broker. However, clients were not notified of the cancellation of their policies by the brokers.

As a result the entire industry has come under much scrutiny by the insuring public.

In light of the above and in an effort to protect policyholders and the integrity of the industry, the FSRA issues the following guidelines:

*Where a Certificate of Insurance has been issued by an Insurer to an Insured through an Insurance Broker, and the policy to which the Certificate relates has been cancelled by the Insurer for non-remittance of premiums by the Insurance Broker, the Insurer shall –*

- (a) notify the Insured in writing within 5 working days of the cancellation of the policy; and*
- (b) notify the Financial Services Regulatory Authority in writing within 5 working days of the cancellation of the policy;*
- (c) for the purposes of (a) above, the Broker shall provide the Insurer with the information necessary to notify the Insured directly.*

The FSRA advises that the above guidelines are effective immediately.

Please be guided accordingly.

Yours faithfully,

  
**CALIXTE LEON**  
**Executive Director**