



**FINANCIAL SERVICES AUTHORITY
SAINT VINCENT & THE GRENADINES**

GUIDANCE NOTE: NO. 1

On

Principal Representatives

Amended: June 30, 2022

GUIDANCE NOTE: PRINCIPAL REPRESENTATIVE

1. INTRODUCTION

The role of the Principal Representative (“PR”) is fundamental to the conduct of insurance business by a foreign insurer within the supervisory framework of St. Vincent and the Grenadines. The role and responsibilities of this individual as it relates to a registered foreign insurer will be more rigorous to address the unique nature of the branch and agency structures.

A licensed insurer is expected to be managed by competent and suitably experienced individuals. The PR is an approved function and must meet the following minimum criteria:

- The PR should meet the test of fitness and propriety and integrity as prescribed by the Financial Services Authority (“FSA”) as outlined in the FSA’s “Guidelines Establishing a Code of Conduct for Corporate Governance in the Financial Services Sector”;
- The PR should have experience in the classes of insurance for which the insurer is registered to conduct, including underwriting and key control functions, knowledge of insurance law and other relevant legislations;
- The PR should be qualified to carry out his/her roles and responsibilities. Accordingly, such individuals would be required to have relevant qualifications, experience and training in insurance and would be required to present certified copies of certificates attesting to same; and
- Evidence of no criminal record.

The Authority reserves the right to object to the principal representative should the minimum standards outlined above, not be met.

While the FSA considers each case on its merit, these Guidelines should be understood as reflecting the minimum standard that the Authority expects PRs to observe at all times.

2. PURPOSE

The objectives of these Guidelines are to ensure that the person appointed as principal representative locally is:

- (i) clear on the scope of his/her role;
- (ii) abides with all legislative requirements as well as international best practice pertaining to the role of Principal Representative; and
- (iii) has a sound understanding of the regulatory approach of the Financial Services Authority (“the Authority”) in monitoring the conduct of the Principal Representative *viz a viz* the business of the company which he/she represents.

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While the Authority aims to provide clarity as to its approach, the Guidelines are not intended to be exhaustive. The Authority, through these Guidelines, hereby sets out its understanding of the legal provisions relating to the appointment and the role of the Principal Representative and provides additional information about the Authority's regulatory approach and expectations regarding such matters.

3. SCOPE OF APPLICATION

These Guidelines are of general application and seek to take account of the unique circumstances of each institution that may be licensed under the Act. There may be a need for revision of the Guidelines from time to time. Material changes in the Guidelines will be published generally through the issue of a revised version.

4. REQUIREMENT FOR A PRINCIPAL REPRESENTATIVE AND A PRINCIPAL OFFICE

The conduct of insurance business in St. Vincent & the Grenadines is regulated under the Insurance Act, Chapter 306 of the Laws of Saint Vincent and the Grenadines, Revised Edition 2009 ('the Act') and the Financial Services Authority Act ('FSA Act'). Regulation and supervision of insurance business is exercised by the Financial Services Authority.

Pursuant to Section 16 (1) of the Act, a registered foreign insurer is required to appoint a **principal representative** and to maintain a principal office in St. Vincent and the Grenadines.

Section 16 (2) further states that the principal representative shall have power of attorney sufficient to satisfy the Authority that the representative is authorized to act for the company in all matters to secure compliance by the foreign company with the Act, and a copy of the power of attorney shall be lodged with the Authority immediately after the appointment of the principal representative.

5. NOTIFICATION OF CHANGE IN ADDRESS OF PRINCIPAL OFFICE AND PRINCIPAL REPRESENTATIVE

If a registered foreign insurer changes the address of its principal office in St. Vincent & the Grenadines or appoints a new principal representative, it shall notify the Authority within twenty-one (21) days, of the change or the new appointment. The Authority reserves the right to object to the change or the new appointment on the basis of suitability.

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6. ROLES AND DUTIES OF THE PRINCIPAL REPRESENTATIVE

While it is recognized that the board of directors and senior management of the company have the primary responsibility to establish and implement a corporate governance framework which provides for sound and prudent management of the insurer's business, the role of the principal representative is to oversee the management of the branch/agency operations, including matters of a corporate governance nature as it relates to the branch/agency.

The PR may outsource some of his/her responsibilities or functions to the home office, another entity within the group, or a third party. However, it is the FSA's expectation that outsourcing relationships be governed by written contracts that clearly describe all material aspects of the outsourcing arrangement, including the rights, responsibilities and expectations of all parties. Furthermore, the FSA expects that the PR will retain his or her overall accountability for the operations of the branch/agency operations regardless of who conducts the various functions. Thus, the FSA expects the PR to:

- (i) Ensure that the branch/agency has clearly articulated business objectives and strategies.
- (ii) Ensure that appropriate policies and procedures (accounting and administrative) inclusive of internal controls are in place to mitigate and manage the risks, regardless of where the controls may reside. This includes policies and procedures to manage the assets and liabilities of the branch/agency.
- (iii) Carry out the day-to-day operations of the insurer effectively and in accordance with the strategies, policies and procedures approved by the company's Board of Directors and provide to the relevant stakeholders, including the Authority, material information as required and upon request.
- (iv) Monitor and oversee the insurer's compliance with the requirements of the applicable legislation and guidelines including anti- money laundering and counter financing of terrorism, on a continuous basis, so as to ensure that local policyholders' benefits and rights are protected.
- (v) Ensure that adequate branch/agency records are maintained at his/her office in St. Vincent & the Grenadines, inclusive of any books, vouchers, records, receipt and other documents as may be necessary to enable the company to prepare for transmission to the Authority a statement of the insurance business carried on by it in St. Vincent & the Grenadines. Accordingly, the PR is obligated to ensure that all relevant documentation required to fulfil this requirement is kept in a satisfactory manner so as to facilitate timely submission to the Authority.
- (vi) Undertake or obtain, periodically, an independent assessment of the adequacy and effectiveness of the branch/agency control systems and ensure that deficiencies are promptly corrected.

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(vii) Promptly notify the Authority of certain conditions which may make it difficult for the insurer to meet its obligations as they fall due, including but not limited to the following:

- likelihood of the insurer becoming insolvent;
- failure of the insurer to comply substantially with a condition imposed upon the insurer by the Authority;
- failure to comply with the conditions of registration and other requirements of the Act;
- involvement of the insurer in any criminal and civil proceedings whether in St. Vincent & the Grenadines or abroad; and
- the insurer's ceasing to carry on insurance business in St. Vincent & the Grenadines.

COMMENCEMENT

This amended Guidance Note shall come into effect this **30th day of June, 2022.**

Issued by:

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