



SVG Financial Services Authority NEWSLETTER

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Shaping a Resilient Financial Future



Stronger Supervision ● Smarter Regulation ● AML/CFT Compliance ● Greater Confidence

Understanding Loss of Use Motor Insurance Coverage: What Policyholders Need to Know



Insurance is designed to provide financial protection when unexpected events occur. Following a motor vehicle accident, most policyholders focus on repairing their vehicle. However, an equally important consideration is how they will manage without their vehicle while repairs are being completed. This is where loss of use coverage may become relevant.

What is Loss of Use?

Loss of use refers to the inconvenience and financial impact experienced when a vehicle cannot be used because it has been damaged in an accident. Depending on the circumstances and the terms of the insurance policy, a policyholder may be entitled to compensation or benefits for the period during which the vehicle is unavailable.

What Does Loss of Use Coverage Provide?



Where this coverage is provided, the insurer may pay for or reimburse the cost of a rental vehicle while the insured vehicle is being repaired or until the claim is settled, subject to the policy's terms, conditions, and limits.

Some policies may also provide reimbursement for transportation expenses, a fixed daily allowance, or other specified benefits.

Coverage limits vary among insurers and policy types. Rental vehicle benefits, for example, may be restricted to a specified number of days or a maximum monetary amount and may only apply while repairs are being completed within a reasonable timeframe.

Is Loss of Use Covered by Every Policy?

Not necessarily. Loss of use coverage is not automatically included in every motor vehicle insurance policy.

Policyholders should carefully review their policy documents to determine whether this benefit is available and to understand the terms, conditions and limitations that apply.

Particular attention should be paid to:

- The scope of coverage;
- The maximum benefit payable;
- Any applicable time limits;
- Documentation required to support a claim; and
- Any exclusions, conditions, or restrictions that may affect eligibility for benefits.

Understanding these provisions before an accident occurs can help policyholders manage expectations, avoid misunderstandings and navigate the claims process more effectively.

Understanding the Difference: Insured and Third-Party Claims

It is important to distinguish between loss of use coverage purchased under your own insurance policy, and a loss of use claim pursued against an at-fault party following an accident.

Loss of use Coverage for Insured Policyholders

Loss of use coverage may be available as an optional add-on or extension to a comprehensive motor insurance policy. This coverage is designed to provide financial assistance to an insured policyholder whose vehicle has been damaged as a result of an insured event and is temporarily unavailable while repairs are being completed or until the claim is settled, subject to the terms, conditions, and limits of the policy.

Third-Party Claimant

When a motor vehicle accident is caused by another driver, the owner of the damaged vehicle may be entitled to pursue a claim for loss of use against the at-fault party or that party's insurer, subject to applicable laws and the circumstances of the claim.



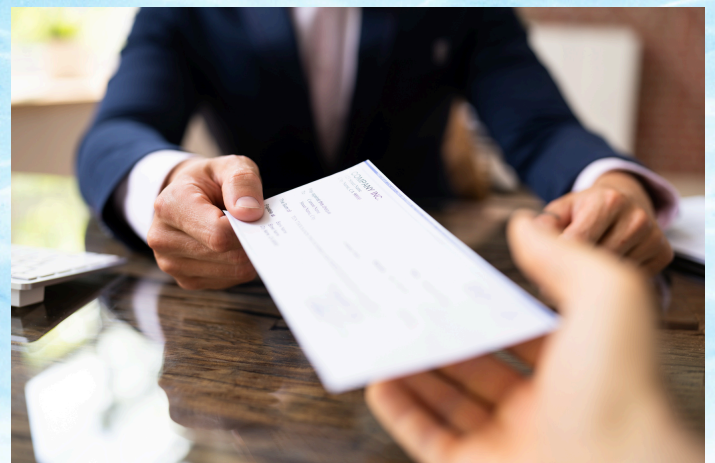
Assessing a Loss of Use Claim

Whether loss of use is claimed under an insurance policy or pursued against an at-fault party, insurers assess such claims based on the specific circumstances of each case. Loss of use claims are considered on their individual merits and are not subject to a fixed or automatic entitlement.

When assessing a claim, insurers consider what constitutes a reasonable period of loss. This assessment takes into account not only the time required to repair or replace the vehicle, but also the time reasonably needed to obtain repair estimates, conduct inspections, source quotations for parts, and complete the necessary claims review process before repairs can commence.

Insurers will generally consider several factors, including:

1. Whether the claimant was deprived of the use of the vehicle as a direct result of the accident.
2. The reasonable period required to repair the vehicle or, in the case of a total loss, the reasonable period required to replace the vehicle.
3. Whether the claimant took reasonable steps to mitigate their loss, such as:
 - Claiming under their own insurance policy where appropriate;
 - Proceeding with repairs once the vehicle has been inspected and repairs can reasonably commence; or
 - Taking other reasonable steps to make the vehicle usable and minimize unnecessary delay.
4. The reasonable daily value of the loss, taking into account prevailing market rates and the particular circumstances of the claim.



Entitlement to compensation may also depend on:

- The determination of liability for the accident;
- The reasonable time required to repair or replace the vehicle;
- The availability and use of alternative transportation; and
- The submission of adequate supporting documentation, such as repair estimates, invoices, rental agreements and transportation receipts.

What Should Policyholders Do After an Accident?

To protect their interests, policyholders should:

1. Report the Accident Promptly

Notify your insurer as soon as possible and provide all relevant information regarding the incident.

2. Obtain Repair Assessments

Ensure that vehicle damage is assessed promptly to avoid unnecessary delays in repairs.

3. Keep Records

Maintain copies of:

- Repair estimates and invoices;
- Rental vehicle agreements;
- Transportation receipts; and
- Any correspondence with insurers.

4. Minimize Delays and Expenses

Take reasonable steps to minimize unnecessary costs and delays while your vehicle is unavailable. Failure to do so, may affect the amount recoverable under a loss of use claim.



Common Misunderstandings

"I am automatically entitled to a rental car." - Not all insurance policies provide rental vehicle coverage. The availability of a rental vehicle depends on the terms of the policy or the circumstances of a third-party claim.

"Loss of use compensation is unlimited." - Compensation may be subject to policy limits, legal principles, or a determination of what constitutes reasonable expenses and a reasonable period of loss.

"I do not need receipts." - Supporting documentation is often required to support a claim and facilitate reimbursement.

Consumer Reminder

Before purchasing or renewing motor vehicle insurance, ask your insurer or insurance intermediary:

- Is loss of use coverage included in my policy?
- What is the maximum benefit available?
- How long are benefits payable?
- Are there any exclusions or limitations that apply?



Conclusion

Loss of use coverage can help reduce the inconvenience and financial impact of being without a vehicle following an accident. However, entitlement to benefits or compensation will depend on the terms of the policy or the specific circumstances of a third-party claim. Understanding your coverage before an accident occurs, maintaining proper documentation and taking reasonable steps to mitigate losses can help ensure a smoother claims experience.

The Financial Services Authority encourages all policyholders to review their motor vehicle insurance policies regularly and consult their insurer or insurance intermediary whenever clarification is needed regarding available coverage, benefits, terms, and conditions. Policyholders who have concerns regarding the handling of a claim should first seek clarification directly from their insurer and make use of the insurer's internal complaint resolution process. If the matter remains unresolved, it may be referred to the FSA for further consideration.

Death Benefit Frequently Asked Questions (FAQ)

The death benefit is the payment made to the named beneficiary or next of kin upon a member's death. The core business activity of Friendly Societies in St. Vincent and the Grenadines ("SVG") includes providing a death benefit for funeral expenses upon a member's death. It is therefore necessary that all Friendly Societies develop comprehensive rules for managing their death benefit claims programme.



How do I know if I am eligible for a death benefit payment?

A friendly society will pay a benefit to a named beneficiary if, at the time of death, the deceased met either of the following criteria:

- The member was in good financial standing.
- The member had attained the minimum contribution period required for a benefit.

NB* It is crucial for the family to verify both the financial status of the deceased member and the identity of the nominated beneficiary in accordance with the society's rules.

What happens if I die while in arrears?

If a member dies while in arrears, eligibility is assessed strictly against the death benefit programme rules. However, before a final decision is made, consideration will be given to:

- ✓ The member's specific circumstances.
- ✓ The total period of default.

What happens if I miss a payment towards my obligations?

Short-term payment lapses can be corrected within a thirty (30)-day grace period before any death benefit claim is finalized. The beneficiary has two options to resolve this:

1. Clear the deficit: Pay the outstanding balance directly to receive the full death benefit.
2. Deduct from benefit: Opt to have the arrears charged against and subtracted from the expected benefit payout.

What if I miss the grace period? Can I still redeem my membership status?

Yes, your membership can be reinstated. To reactivate an inactive membership, you must:

- ✓ Clear all amounts owing to the Society (or a specific portion as stipulated at the discretion of the Board).
- ✓ Complete and submit a formal application for reinstatement.

Are there any other conditions for reinstatement?

Yes. An approved reinstatement application does not entitle a member to receive full benefits immediately. Death benefits are scaled based on the amount of time that has passed since the member's reinstatement:

Time of Death After Reinstatement	Benefit Entitlement
1 to 2 months	50% of the benefit
3 to 5 months	75% of the benefit
6 months or more	100% (Full) benefit

Who will receive my death benefit payment?

The named beneficiary or beneficiaries will receive any benefit payable, strictly in accordance with the Society's rules.



How do I nominate a beneficiary?

You can make a nomination at the friendly society's head office using either of these methods:

- ✓ **Form:** Complete the prescribed Beneficiary Nominations Form.
- ✓ **Letter:** Write a formal letter to the Friendly Society clearly stating the full name of your chosen beneficiary.

What happens if I fail to nominate someone?

If you fail to make a nomination before your death, the death benefit will be issued to your next of kin following the legal order of priority under the intestacy laws of St. Vincent and the Grenadines:

1. Spouse (lawful husband or wife).
2. Child.
3. Parents.
4. Brothers and Sisters.
5. Grandparents.
6. Uncles and Aunts.

How can my beneficiary claim for a benefit?

At the time of death, the beneficiary must submit the following documents to the society:

- ✓ The original death certificate.
- ✓ A valid government-issued identification (e.g., Passport, National ID, or Driver's License).
- ✓ The deceased member's passbook (if available).

How can my beneficiary make a claim if the death occurs outside of St. Vincent and the Grenadines?

The standard claim process outlined above applies to all claims. However, if the death occurred outside of SVG, the beneficiary must ensure that the death certificate is duly notarized and authenticated by an official authority in the country where the death occurred before submitting it.

What is the procedure for unclaimed benefits?

If the society is notified of a member's death but no formal claim has been submitted, it is legally required to handle the funds as follows:

- **Accounting Requirement:** The society must record the unclaimed sum in its financial statements as a liability and fully disclose it in the notes to the financial statements.

Additionally, the society will publish a quarterly list of all unclaimed benefits through a suitable public medium, explicitly stating the deceased member's name and date of death to help locate the rightful beneficiaries.



Risk Management in the Virtual Asset Sector: A Critical Imperative

The rapid growth of virtual assets and related services has transformed the global financial landscape, creating new opportunities for innovation, investment, and financial inclusion.

However, alongside these opportunities come significant risks that must be carefully managed by Virtual Asset Service Providers (VASPs), investors, and regulators alike.

Effective risk management is therefore not merely a regulatory requirement but a fundamental component of maintaining trust, stability, and resilience within the virtual asset ecosystem.

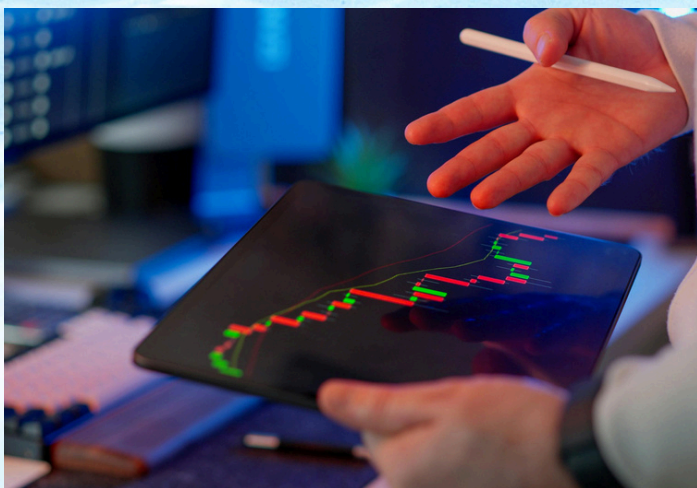
Understanding Virtual Asset Risks:

Virtual assets operate within a dynamic and highly interconnected digital environment. Unlike traditional financial products, they are often subject to heightened levels of volatility, technological complexity, and cross-border activity.

The primary risks associated with virtual assets include:

- Market and price volatility;
- Cybersecurity threats and technological vulnerabilities;
- Money laundering and terrorist financing risks;
- Operational and governance risks;
- Fraud and scams;
- Liquidity risks; and
- Regulatory and legal uncertainties.

Recognizing and understanding these risks is the first step toward implementing an effective risk management framework.



Cybersecurity: The Front Line of Defence

Given the digital nature of virtual assets, cybersecurity remains one of the most significant threats facing the industry.

Cyberattacks may result in the theft of customer assets, unauthorized access to sensitive information, service disruptions, and reputational damage. VASPs should therefore implement robust cybersecurity measures, including:

- Multi-factor authentication;
- Encryption of sensitive data;
- Secure custody solutions;
- Regular vulnerability assessments and penetration testing;
- Incident response and recovery plans; and
- Ongoing staff awareness training.

A proactive cybersecurity culture can significantly reduce an organization's exposure to digital threats.



Strengthening Anti-Money Laundering Controls

Virtual assets may be exploited by criminals seeking to obscure the movement of illicit funds. As a result, VASPs must establish comprehensive Anti-Money Laundering and Counter-Terrorist Financing (AML/CFT) controls that are proportionate to their risk exposure.

Key measures include:

- Customer due diligence and verification procedures;
- Ongoing monitoring of customer transactions;
- Risk-based customer classification;
- Suspicious activity reporting;
- Record-keeping requirements; and
- Employee training programmes.

A strong compliance framework helps safeguard both individual firms and the broader financial system.

Governance and Operational Risk Management

Sound governance forms the foundation of effective risk management.

Boards of directors and senior management should clearly understand the risks associated with their business models and ensure that appropriate controls are implemented and regularly reviewed.

Effective governance practices include:

- Clearly defined roles and responsibilities;
- Independent compliance and risk management functions;
- Internal policies and procedures;
- Regular audits and reviews; and
- Comprehensive business continuity planning.

Organizations with strong governance structures are generally better positioned to identify and respond to emerging risks.

Managing Market and Liquidity Risks

Virtual asset markets can experience significant price fluctuations within very short periods. Such volatility can affect both service providers and investors.

Risk management strategies may include:

- Establishing risk limits and exposure thresholds;
- Conducting stress testing and scenario analysis;
- Maintaining adequate liquidity reserves;
- Diversifying holdings where appropriate; and
- Implementing clear risk disclosure practices.

Transparency regarding the risks associated with virtual assets is essential for informed decision-making.

The Importance of Regulatory Compliance

As regulatory frameworks continue to evolve globally, VASPs must remain vigilant in monitoring legal and regulatory developments within the jurisdictions in which they operate.

Compliance should not be viewed solely as an obligation but as an integral part of responsible business conduct. Firms that maintain strong compliance cultures are better equipped to protect

customers, preserve their reputation, and support the long-term sustainability of the industry.



Building a Culture of Risk Awareness

Risk management is most effective when it becomes embedded within an organization's culture. This requires commitment from all levels of the organization, from the boardroom to frontline employees.

A culture of risk awareness encourages timely identification of potential threats, promotes accountability, and supports informed decision-making. Regular training, clear communication, and continuous monitoring are essential elements of such a culture.

Conclusion

The virtual asset sector continues to evolve at an unprecedented pace, presenting both opportunities and challenges. As the industry matures, effective risk management will remain essential to safeguarding consumers, protecting financial integrity, and promoting confidence in virtual asset markets.

By adopting robust governance practices, strengthening cybersecurity measures, implementing effective AML/CFT controls, and fostering a culture of risk awareness, VASPs can better navigate the complexities of the virtual asset environment and contribute to a safer and more resilient financial sector



Customer Due Diligence: The First Line of Defence Against Financial Crime

Customer Due Diligence is one of the most effective safeguards against money laundering, terrorist financing and proliferation financing. It is the process of identifying and verifying customers, understanding the purpose and intended nature of the business relationship, and determining who ultimately owns or controls the customer. Effective CDD helps protect the integrity and reputation of St. Vincent and the Grenadines' financial services sector.

CDD is a cornerstone of the international standards established by the Financial Action Task Force (FATF).



Under FATF Recommendation 10, financial institutions and designated non-financial businesses and professions, including trust and company service providers, are required to conduct customer due diligence before establishing a business relationship or carrying out an occasional transaction, and to apply ongoing monitoring throughout that relationship.

In Saint Vincent and the Grenadines, these international standards are implemented through the Anti-Money Laundering and Terrorist Financing Regulations, 2014 and the Anti-Money Laundering and Terrorist Financing Code, 2017.

Registered Agents play a particularly important role in this framework. As gatekeepers responsible for establishing and administering companies and other legal arrangements, they help prevent the misuse of corporate structures

for illicit purposes. Accordingly, Registered Agents are required to apply CDD before establishing a business relationship or carrying out an occasional transaction and to continue monitoring that relationship throughout its duration.

Under regulation 6 of the Regulations and paragraphs 4 and 5 of the Code, they must:

- Identify and verify the customer;
- Identify any person on whose behalf the customer is acting;
- Identify and verify beneficial owners on a risk-sensitive basis;
- Understand the customer's ownership and control structure; and
- Obtain information on the purpose and intended nature of the business relationship.

For individual customers, this involves obtaining prescribed identification information and verifying that information using reliable and independent documents, data or other sources.

For legal persons and legal arrangements, the obligation extends beyond verifying the entity itself. Registered Agents must obtain sufficient information to understand the customer's legal form, ownership, management and control structure, and identify the natural persons who ultimately own or exercise effective control over the entity or arrangement.



In some circumstances, however, standard CDD are not sufficient to adequately understand or mitigate the risks associated with a customer or business relationship. Thus, In such cases, financial institutions are required to apply Enhanced Due Diligence (EDD).

Enhance Due Diligence

Enhanced Due Diligence (EDD) is the application of additional measures to obtain a more comprehensive understanding of higher-risk customers, business relationships and transactions. It enables businesses to identify, assess and manage risks that cannot be adequately addressed through ordinary customer due diligence.

Recognizing that not all customers present the same level of risk, FATF Recommendation 10 requires enhanced due diligence measures to be applied where higher-risk relationships are identified. In Saint Vincent and the Grenadines, this requirement is mandated through Regulation 14 of the Anti-Money Laundering and Terrorist Financing Regulations, 2014



In the International Financial Services sector, Registered Agents primarily establish and administer entities for non-resident clients, offshore and cross-border structures, and are often introduced to customers through intermediaries. Given the inherent risks associated with these activities, Registered Agents are generally expected to apply Enhanced Due Diligence (EDD) at the outset of the business relationship.

Enhanced Due Diligence builds upon the standard Customer Due Diligence measures.

These additional measures may include:

- obtaining additional information on the customer's source of wealth and source of funds;

- obtaining further information on the purpose and intended nature of the business relationship;
- conducting more extensive background checks, including adverse media, sanctions, politically exposed person (PEP) and other relevant screening;
- seeking independent verification of information obtained from the customer;
- obtaining senior management approval before establishing or continuing the business relationship;
- carrying out more frequent and more detailed ongoing monitoring of the customer's transactions and activities; and
- reviewing and updating customer information and risk assessments more frequently to ensure they remain accurate and current.

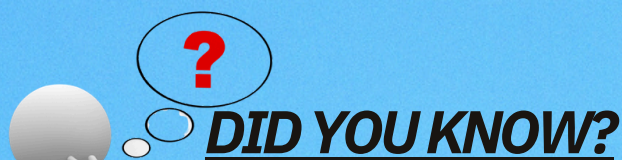


The effective application of Customer Due Diligence and Enhanced Due Diligence is fundamental to the risk-based approach underpinning the international AML/CFT/CPF framework.

These measures enable Registered Agents to develop a comprehensive understanding of their customers, the nature and purpose of the business relationship, and the risks associated with the services they provide.

By obtaining sufficient information to identify, assess and manage those risks on an ongoing basis, Registered Agents are better positioned to detect unusual or suspicious activity, prevent the misuse of legal persons and legal arrangements for illicit purposes, and ensure continued compliance with the

legislative and regulatory requirements of St. Vincent and the Grenadines. In doing so, they not only strengthen their own compliance frameworks but also contribute to maintaining the jurisdiction's reputation as a transparent, well-regulated and internationally respected International Financial Services Centre.



A Business Company or Limited Liability Company may continue to exist even if its shareholders, directors or managers change completely. This is because a company has its own legal identity, separate and distinct from the individuals who own or manage it. This means the company—not the individuals behind it—owns its assets, enters into contracts, incurs liabilities, and can sue or be sued in its own name. As a result, even if every shareholder sells their shares or every director resigns, the company continues to exist as the same legal entity unless it is formally dissolved or otherwise ceases to exist in accordance with the law.

FSA CHALLENGE

1. Which of these is NOT normally owned by shareholders?
 - A. Insurance Company
 - B. Credit Union
 - C. Business Company
2. A company that is incorporated in St. Vincent and the Grenadines is automatically authorized to conduct any type of financial services business.
 - ☐ True
 - ☐ False

REGISTRY *Reminder*

Maintaining a Business Company or a Limited Liability Company in good standing requires more than simply remaining active on the Register of BCs or LLCs. Good standing is an important indicator of an entity's compliance with its statutory obligations. Such obligations include:

- Timely payment of annual fees;
- prompt filing of statutory changes; and
- maintaining accurate corporate records

are essential to keeping companies and limited liability companies in good standing. Regular reviews of corporate records can help avoid unnecessary penalties and administrative action.

Virtual Asset Consultation and Training Session

The Financial Services Authority hosted a two-part Virtual Asset Consultation and Training Session on Tuesday May 5th 2026 at the Teacher's Co-operative Credit Union Conference Room. The morning session was facilitated by virtual asset regulation consultant Ms. Loretta Joseph, Chief Technology Officer of Veroscope, Mr. Thomas Povilaitis and Chairman of Shift Protocol, Mr. Joseph Weinberg, who delivered presentations on Blockchain, Regulatory and Legal Supervision of VASPs and the Travel Rule.

Representatives from the Financial Intelligence Unit ("FIU"), Commerce and Intellectual Property Office ("CIPO"), the Attorney General

Chambers, Eastern Caribbean Central Bank (“ECCB”) and the Inland Revenue Department (“IRD”) were in attendance.



The afternoon session which was specifically tailored to the Registered Agents, focused on the regulatory framework governing VASPs in St. Vincent and the Grenadines, the role of registered agents, AML/CFT obligations applicable to VASPs, best practices in virtual asset regulations, supervisory expectations and licensing, registration and compliance requirements. This session was also led by Ms. Loretta Joseph.

Seminar on Death Benefit Guidelines and Compliance



On Tuesday 19th May 2026 at the Teachers’ Co-operative Credit Union Confrence room The Financial Services Authority hosted a seminar for the Friendly Society sector on the Death Benefit

Guidelines. The session provided guidance on the disbursement and management of death benefits while also addressing key compliance requirements under the Friendly Societies Act, 2021. Representatives from several Boards and Trustees of the fourteen active Friendly Societies in St. Vincent and the Grenadines participated both in person and online.

Consultation on Stabilization Fund Guidelines

On Thursday May 28, 2026, The Financial Services Authority convened a consultation session with the Credit Union sector to discuss the drafted Stabilization Fund Guidelines and facilitate stakeholder feedback. The session received participation from all four credit unions and the sector’s apex body reflecting a strong commitment to collaboration and sectoral development.



Thank you for reading!

The FSA welcomes your feedback and suggestions towards improving the utility of this news letter to your institution. Please make your submissions to : info@svgfsa.com



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