



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

GUIDANCE NOTE: NO. 1

On

Role of the Principal Representatives

Issued: December 1st 2014

GUIDANCE NOTE: PRINCIPAL REPRESENTATIVE

INTRODUCTION

Authority

1. The role of the Principal Representative is fundamental to the conduct of insurance business by a foreign insurer within the supervisory framework of St. Vincent and the Grenadines. 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.
2. 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. A licensed insurer is expected to be run by competent and suitably experienced individuals. While we consider each case on its merit, these Guidelines should be understood as reflecting the minimum standard that the Authority expects insurers to observe at all times.

General Applicability

4. 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.

REQUIREMENT FOR A PRINCIPAL REPRESENTATIVE AND A PRINCIPAL OFFICE

5. 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.
6. 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.
7. 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.

GUIDANCE NOTE: PRINCIPAL REPRESENTATIVE

8. It is expected that the Principal Representative would meet minimum standards of fitness and propriety and integrity, including but not limited to having appropriate experience in managing insurance business and/or their underwriting functions, knowledge of insurance law and other relevant legislation. Accordingly, such persons 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, as well as 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.

NOTIFICATION OF CHANGE IN ADDRESS OF PRINCIPAL OFFICE AND PRINCIPAL REPRESENTATIVE

9. 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.

ROLE AND DUTIES OF THE PRINCIPAL REPRESENTATIVE

10. 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 monitor the insurer's compliance with the requirements of the Act and other relevant legislation on a continuous basis, so as to ensure that local policyholders' benefits and rights are protected.
11. The Authority expects the Principal Representative to 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.
12. The Act provides that the insurer is to maintain at the office of the principal representative in St. Vincent & the Grenadines, 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 Principal Representative 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.
13. The Authority expects the Principal Representative to oversee compliance with all relevant laws in St Vincent & the Grenadines in addition to the Act, such as the anti- money laundering and counter financing of terrorism law.
14. The Authority further expects the Principal Representative to ensure that proper internal controls including adequate accounting and administrative systems are implemented.

GUIDANCE NOTE: PRINCIPAL REPRESENTATIVE

15. It is expected that the Principal Representative will 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 Guidance Note shall come into effect this **1st day of December, 2014**.

Issued by:

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