

## **CODE OF CONDUCT FOR BROKERS IN GUYANA**

***Author:***

Bank of Guyana

***Status:***

Approved

<b><i>Previous Version</i></b>	<b><i>Effective from</i></b>
1.1	2 February 2004

<b><i>Amended Version</i></b>	<b><i>Effective from</i></b>
1.2	1 July 2009

<b><i>Section</i></b>	<b><i>Description</i></b>
1	General
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3	Professional Conduct
4	Breach of Code

## **1. GENERAL**

The Bank of Guyana (hereinafter referred to as “the Commissioner”) is responsible for the regulation and supervision of brokers. The Bank of Guyana and its staff are empowered by the Insurance Act, No. 20 of 1998 was amended by the Insurance (Supplementary Provisions) Act 2009.

This document shall be referred to as the Code of Conduct. It applies to all registered insurance brokers in Guyana.

The Bank of Guyana oversees compliance with the Code of Conduct.

Registered brokers are required to follow the Code of Conduct in order to comply with the conditions of registration and to maintain an appropriate standard of professional conduct.

## **2. AMENDMENTS**

Changes or amendments to the Code of Conduct will be made following a due process of consultation between the Bank of Guyana and registered brokers. All brokers are responsible for ensuring they have familiarised themselves and their employees with requirements of the most recent version of the Code of Conduct and the appropriate guidelines.

### 3. PROFESSIONAL CONDUCT

- 3.1 Only corporations or partnerships registered with and authorised by the Bank of Guyana may represent themselves as an insurance broker and/or carry on insurance business as an insurance broker in Guyana.
- 3.2 For classes of business for which a broker has been registered or all classes if not specified, no registered broker or employees of said broker shall operate as an insurance agent, claims adjuster, insurance representative, insurer, adviser of insurance companies, or have any relationship where the broker is remunerated by an insurance company other than in the capacity of a broker.
- 3.3 The provisions of this Code shall be construed as standard practice for brokers. The Code of Conduct is considered to be in the best interest of the public and the Insurance brokers and other persons concerned with their conduct.
- 3.4 Brokers shall-
- 3.4.1 At all times conduct their business with utmost good faith and integrity;
- 3.4.2 Do everything possible to satisfy the insurance requirements of their clients and shall place the interest of those clients before all other considerations provided these are not in violation of any Law of Guyana; and
- 3.4.3 Refrain from making any misleading representations in their advertising.
- 3.5 Without prejudice to the generality of the foregoing the following are specific examples of practices which must be observed, breach of which either singly or jointly may regarded as constituting unprofessional conduct-
- 3.5.1 Brokers shall not directly or indirectly, nor shall they allow any agent of theirs directly or indirectly to pay or allow any other inducement whatsoever not specified in the policy, nor will they make any misrepresentation or incomplete comparison for the purpose of inducing a client of any company to convert, lapse, forfeit or surrender their insurance therein;
- 3.5.2 In the conduct of their business, brokers shall provide appropriate advice objectively and independently and only advice for which they are qualified to give, and shall use due care and diligence when so doing;

- 3.5.3 Brokers shall ensure that all work carried out in connection with their business shall be properly supervised, and they shall ensure that their employees are made aware of these requirements and that procedures are in place to monitor compliance with these requirements;
- 3.5.4 Brokers shall explain to the client the differences in, and the relative cost of the principal types of insurance which in the opinion of the broker might suit a client's needs before making a recommendation or giving advice to the client;
- 3.5.5 Although the choice of an insurer can only be a matter of judgment, brokers shall use their skill objectively in the best interest of their client;
- 3.5.6 Brokers shall not withhold from the client any written evidence of documentation provided by the insurer relating to the contract of insurance that has been acquired for the client;
- 3.5.7 If there is an unreasonable delay in providing all the necessary documentation to the client regarding the contract of insurance, brokers shall inform the client of the outstanding information and when the client may reasonably expect to receive said information;
- 3.5.8 Brokers shall inform the client of the name of all insurers with whom a contract of insurance is placed. This information shall be given at the inception of the contract and any changes thereafter shall be advised at the earliest opportunity to the client;
- 3.5.9 Before any work involving a charge is undertaken, or an agreement to carry on business is concluded, brokers shall disclose and identify any amount they propose to charge to the client which will be addition to the premium payable to the insurer;
- 3.5.10 Brokers shall have proper regard for the wishes of a client who seeks to terminate any agreement with them. Brokers shall make no attempt to induce any client to rescind an existing letter of appointment;
- 3.5.11 Any information acquired by brokers from their clients shall be treated as strictly confidential and shall not be disclosed by brokers unless the consent of the client has been obtained or the information is required by a Court of competent jurisdiction;

- 3.5.12 Brokers shall ensure that clients are aware of the need to provide accurate responses to requested information in order for insurers to assess risks. Withholding requested information or providing false information can be inferred as selection against the insurer and may lead to claims being repudiated. If the broker is aware that the client is falsifying information provided to the insurer, the broker should not continue to seek cover for the client and should state his reasons for doing so with the client;
- 3.5.13 In the completion of the proposal form, or any other material document, brokers shall make it clear that all the answers or statements are the client's own responsibility. Brokers should inform clients that these documents form part of the contract of insurance. The client should always be asked to check the details, and told that the inclusion of incorrect information may result in a claim being repudiated;
- 3.5.14 Brokers should ensure they maintain copies of material declarations by clients;
- 3.5.15 The content of advertisement made by or on behalf of brokers shall not be restricted to the policies of one insurer except where the reasons for such restriction are fully explained in the advertisement and the insurer named therein, and the written approval of the insurer obtained by the broker;
- 3.5.16 When advertising their services directly or indirectly either in person or in writing brokers should disclose their identity, occupation, contact details and that they are registered by the Bank of Guyana;
- 3.5.17 Brokers shall report to the Bank of Guyana any suspected breach of the Insurance Act 1998, No. 20 of 1998, by insurers or agents. All reports will be treated in strict confidence and with discretion;
- 3.5.18 Brokers shall ensure that clients are provided with the contact details of the Bank of Guyana and clients are informed that any complaints or comments should be directed to that Bank;
- 3.5.19 Brokers shall ensure that any monies collected from their clients on behalf of an insurer shall be forwarded to the insurer in accordance with any agreement referred to in Section 89 of the Act or, in the absence of said agreement, no later than the last working day of the month following the month that the premium was collected by the broker and;
- 3.5.20 Brokers shall ensure they maintain proper accounts of monies owed to insurance companies and commissions collected and outstanding.

- 3.6 Brokers shall declare to the client, potential client, and the Bank of Guyana any conflict of interest that exists that may be deemed to significantly influence any advice the broker may provide. In particular, brokers should declare to the client or potential client any significant relationship with an insurer that is being recommended by the broker.

#### **4. BREACH OF CODE**

- 4.1 Brokers should report any breach of this Code to the Bank of Guyana in writing.
- 4.2 A breach of any part of this Code shall be deemed unprofessional conduct.
- 4.3 A breach of this Code shall be sufficient reason for the Bank of Guyana to withdraw the registration of the offending broker(s) either permanently or temporarily, depending on the nature of the breach.
- 4.4 The Bank of Guyana shall offer the broker an opportunity to respond to any allegations before determining whether there has been a breach. The Bank of Guyana may also consult with members or nominated deputies of the Insurance Arbitration Board on reported breaches and appropriate penalties. A right of appeal against a decision made by the Bank of Guyana lies with the Board of Review.
- 4.5 No part of this Code prejudices or affects the right of any party as allowed under the Insurance Act. If any contradictions arise, the provisions of the Insurance Act supersede or overrule the Code.