



RULE

Professional Qualification Requirements for Insurance Companies, Brokers, Agents and Agencies

FEBRUARY 2021



**RULE: PROFESSIONAL QUALIFICATION REQUIREMENTS FOR
INSURANCE COMPANIES, BROKERS, AGENTS AND AGENCIES**

Table of Contents

List of Acronyms	4
1. Introduction	5
2. Statement of Objectives	5
3. Statutory Authority	5
4. Scope of Application	6
5. Definitions	6
6. Rules	7
7. Enforcement	10



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INSURANCE COMPANIES, BROKERS, AGENTS AND AGENCIES**

List of Acronyms

CIMA	Cayman Islands Monetary Authority
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Rule: **Professional Qualification Requirements for Insurance Companies, Brokers, Agents and Agencies**

1. Introduction

- 1.1 This document establishes the *Rule on Professional Qualification Requirements for Insurance Companies, Brokers, Agents and Agencies*. This Rule should be read in conjunction with the following:
- a) The Insurance Act;
 - b) The Regulatory Policy on Licensing Insurance Brokers, Agents and Agencies;
 - c) The Regulatory Policy and Procedures on Fitness and Propriety; and
 - d) Any other relevant regulatory instruments issued by the Authority from time to time.
- 1.2 **The Rule comes into effect on 1 December 2021.**

2. Statement of Objectives

- 2.1. This Rule sets out the Cayman Islands Monetary Authority's (the "Authority" or "CIMA") minimum requirements for professional qualifications of Insurance Agents and relevant persons of Insurance Companies, Brokers and Agencies.
- 2.2. This Rule is consistent with the Authority's statutory objectives as prescribed in the Monetary Authority Act, including:
- a) promoting and maintaining a sound financial system in the Islands;
 - b) having regard to generally accepted principles of good corporate governance;
 - c) endeavouring to promote and enhance market confidence, consumer protection and the reputation of the Islands as a financial centre;
 - d) facilitating innovation in financial services business;
 - e) recognising the need for transparency and fairness on the part of the Authority; and
 - f) recognising the international character of financial services and markets and the necessity of maintaining the competitive position of the Islands, from the point of view of both consumers and suppliers of financial services, while conforming to internationally applied standards insofar as they are relevant and appropriate to the circumstances of the Islands.

3. Statutory Authority

- 3.1. This Rule is being issued in line with Section 34 of the Monetary Authority Act (2020 Revision) (as amended) which provides that the Authority may issue rules, statements of principles or guidance:

“(1) After private sector consultation and consultation with the Minister charged with responsibility for Financial Services, the Authority may–



**RULE: PROFESSIONAL QUALIFICATION REQUIREMENTS FOR
INSURANCE COMPANIES, BROKERS, AGENTS AND AGENCIES**

- (a) *issue or amend rules or statements of principle or guidance concerning the conduct of licensees and their officers and employees and any other persons to whom and to the extent that the regulatory laws may apply; ..."*

4. Scope of Application

- 4.1. The Authority will apply this Rule, and the requirements of the Insurance Act in assessing all entities who are licensed to carry on the business of an Insurance Company, Broker, Agent or Agency in or from within the Cayman Islands.
- 4.2. The Rule applies to all relevant persons, herein defined as sales employees and customer handling employees of insurance companies carrying on domestic business; individual insurance agent licensees; and sales employees (including representatives) and customer handling employees of insurance broker and insurance agency licensees.
- 4.3. Individuals or firms which simply refer or "introduce" potential customers to an insurer or insurance intermediary, without carrying out intermediation, are not recognised within the Insurance Act and therefore are excluded from the scope of this policy. Also excluded from the scope of this policy are persons, who in conducting another professional activity provide:
- a) advice on insurance cover on an incidental basis in the course of that other activity, or
 - b) information of a general nature on insurance products, without advising on the choice of insurance product provider,

provided that the purpose of that activity is not to intermediate an insurance or reinsurance contract.

5. Definitions

- 5.1. The following definitions are provided for the purpose of this Rule:
- 5.1.1. **Appropriate Qualifications** refers to professional insurance qualifications; insurance related academic qualifications (including diplomas or degrees issued by tertiary education institutions); successful completion of a CIMA approved training programme; and/or completion of any other programme of study approved by the Authority.
 - 5.1.2. **Approved Training Programme** is a comprehensive training programme, completion of which the Authority deems as the minimum standard for qualification of relevant persons. An approved training programme may take the form of in-house training offered by the relevant insurance company/broker/agency licensee, acceptable to and approved by Authority, on the basis that the curriculum meets the minimum requirements set.
 - 5.1.3. **Insurance Intermediary** – fall into two categories in the Cayman Islands.



**RULE: PROFESSIONAL QUALIFICATION REQUIREMENTS FOR
INSURANCE COMPANIES, BROKERS, AGENTS AND AGENCIES**

- 5.1.3.1. **Insurance Agent** means a holder of a valid insurance agent licence for the soliciting of domestic business on behalf of not more than one general insurer and one long term insurer.
- 5.1.3.2. **Insurance Broker** means a holder of a valid insurance broker licence for arranging or procuring, directly or through representatives, insurance or reinsurance contracts or the continuance of such contracts on behalf of existing or prospective policyholders.
- 5.1.4. **Relevant Persons** refers to, sales employees and employees providing advice and/or product and service recommendations, of insurance companies carrying on domestic business; individual insurance agent licensees; and sales employees (including representatives) and employees providing advice and/or product and service recommendations of insurance broker and insurance agency licensees.
- 5.1.5. **Sponsor** is the insurance company on behalf of which an insurance intermediary is authorized to sell insurance products.

6. Rules

- 6.1. The Authority must be satisfied with the fitness and propriety of relevant persons and a major component of the Authority's fitness and propriety assessment is competence. As such, the Authority requires that all relevant persons have adequate professional knowledge and competence to carry out their responsibilities.
- 6.2. Relevant persons must have appropriate qualifications and experience for the type of intermediation being carried out, whether general or long-term insurance, as agent/agency for a sponsoring insurer or acting as a broker primarily on behalf of customers.

Professional Qualifications and Competence

- 6.3. Licensees must ensure that their staff will provide/ are able to provide a sufficient range of skills and experience to carry out their affairs in a sound and prudent manner evidenced by the attainment of appropriate qualifications by relevant persons and by having sufficient relevant experience for the functions they are charged with performing.
- 6.4. The relevant person must possess experience commensurate with the nature and scale of business of the licensed insurance company, agency or broker and the level of responsibilities to be carried out. In assessing the appropriateness of the relevant person's industry and management experience, the Authority will consider the role and functions to be undertaken by the person.
- 6.5. Relevant persons must satisfy the minimum qualification requirements as specified by the Authority in this Rule. The decision on the adequacy of appropriate qualifications for each relevant person is at the sole discretion of the Authority.

- 6.6. In considering the adequacy of the education or other qualifications or experience of a person applying to become an insurance agent; or who is proposed to be appointed as a relevant person at an insurance company, broker or agency, which is applying for a licence or renewing such licence, the Authority will take into account the nature of the functions or duties which the relevant person will perform.
- 6.7. A relevant person must demonstrate competence by, at minimum, successfully completing an approved training programme relevant to the type of intermediation proposed to be carried on.
- 6.8. In all cases, the approved training programme must be assessed by the Authority and approval granted in advance of the reliance on the programme for demonstrating competence. To facilitate the Authority's assessment process, approval of a training programme must be sought at least sixty (60) days prior to the expected timeframe for reliance.
- 6.9. In assessing appropriate qualifications, including training programmes, the Authority will consider the role, duties, functions and seniority of the relevant person. Approval of the training programme will be dependent on the relevance of the programme material to the role, duties, functions and seniority of the relevant person.
- 6.10. In particular, where an Insurance Agent chooses to represent a long term and general insurer, the agent must demonstrate competence in both long term and general insurance by, at minimum, successfully completing an approved training programmes.
- 6.11. If an individual insurance agent was previously licensed but has not held an insurance agent licence for more than two years, in cases where there is reliance on appropriate qualification based on the completion of in-house training programmes, he/she must demonstrate recent completion of a training programme by the sponsor prior to applying for a licence.
- 6.12. In some cases, particularly as it relates to senior officers, the Authority will require that the relevant person has attained educational or professional qualifications. In these cases, the completion of training programmes only, may not be sufficient as appropriate qualifications, given the role, duties and functions of the relevant persons.
- 6.13. Where the relevant person has attained an insurance related qualification, the Authority will assess the appropriateness of qualifications based on, *inter alia*:
 - a) Reputation and/or Accreditation of the Awarding Body; and
 - b) Relevance of the Qualification.
- 6.14. A relevant person must attain any of the following appropriate qualifications:
 - a) an insurance related academic qualification including a diploma or degree from a recognised university or tertiary education institution;
 - b) a professional insurance qualification approved by the Authority;
 - c) any other qualification or programme of study considered by the Authority to be equivalent to or higher than any qualifications set out in



**RULE: PROFESSIONAL QUALIFICATION REQUIREMENTS FOR
INSURANCE COMPANIES, BROKERS, AGENTS AND AGENCIES**

- (a) and (b) above; or
- d) successful completion of a CIMA approved training programme.

6.15. At least annually, an insurance company, broker, agent or agency, must provide to the Authority, a full list of all relevant persons with details of their qualifications, experience and duties.

Continued Professional Training and Development

6.16. Once professional qualifications have been achieved, relevant persons must keep their professional knowledge up to date by participating in continued professional training and/or development. The Authority expects that individuals will undertake professional training and/or development, regularly, and at least on an annual basis.

6.17. All relevant persons must complete, at a minimum, ten (10) hours of continued professional training and/or development annually and a minimum of thirty (30) hours every two years. Licencees must maintain sufficient documentary evidence in support of attendance and completion of continued professional training and/or development by relevant persons.

6.18. The Authority, at its sole discretion, may waive the continued professional training and/or development requirement for a relevant person in exceptional circumstances, for example prolonged illness.

6.19. The Authority does not preapprove or recommend continued training and/or development programmes/courses. Nevertheless, the Authority, at its own discretion, will assess and determine the relevance of professional training and/or development pursued.

6.20. Only training and/or development activities attended during the licence period will count towards the requirements established herein. Training and/or development activities completed/earned during one licence period cannot be used in another licence period.

6.21. A failure to comply with the continued training and/or development requirements by a relevant person may affect the results of the Authority's fit and proper assessment of that person and/or licensee.

6.22. As part of the licence renewal process, a licensee must demonstrate continuing education of relevant persons by submitting the following information, at the request of the Authority or with its annual return submissions, whichever date is earlier:

- a) A declaration to the Authority to confirm that the education and training requirements have been met;
- b) The name of the course provider/facilitator;
- c) The dates when courses or seminars were taken;
- d) A description of each course or seminar taken;
- e) Qualifying hours; and
- f) The signed certificate or other confirmation of completion by an authorised representative of the course provider/facilitator.



7. Enforcement

- 7.1. In the event of non-compliance with this measure by a licensee, the Authority's policies and procedures as contained in its Enforcement Manual will apply, in addition to any other powers provided in the Insurance Act, 2010 (as amended) and the Monetary Authority Act (2020 Revision) (as amended).



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