



Statement of Guidance

Responsibilities of Insurance Managers

1. Statement of Objectives

To stipulate the responsibilities of insurance Managers and the minimum standards that should be adhered to when offering this service.

2. Central Management

2.1. The Definition

Insurance manager is defined in section 2 of the Insurance Law (2001 Revision) as a company operating in or from within the Islands which provides insurance expertise to or for insurers.

2.2. The central management of the insurance manager and control of the class B insurer must be in the Cayman Islands. It is expected that the manager will be the principal contact between the Authority and the class B insurer.

2.3. The insurance manager is responsible for ensuring that the following arrangements are in place and for the subsequent co-ordination of those:

- a) acting as consultant and advisor in respect of insurance matters,
- b) policy administration,
- c) collecting of premiums,
- d) paying commissions and brokerage fees,
- e) recording claims reserves,
- f) arranging reinsurance protection,
- g) paying reinsurance premium,
- h) making reinsurance recoveries,
- i) issuing debit and credit notes.
- j) paying from the class B insurer's funds, all debts and other liabilities as they fall due.



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- 2.3.2 The insurance manager or the class B insurer may appoint in writing and grant powers to other parties.
 - 2.3.3 Bank accounts of the insurance manager, bank accounts relating to the insurance business of the class B insurer, and safeguarding the assets belonging to the class B insurer should be controlled by the insurance manager from within the Cayman Islands.
 - 2.3.4 Records should capture and record completely, accurately, on a timely basis and in an orderly fashion every transaction or commitment that the insurance manager enters into, either on its own behalf or on behalf of the class B insurer.
 - 2.3.5 The insurance manager should provide adequate staff and personnel, offices and other supporting facilities to perform its obligations and adequately service the operations of the class B insurer.

3. Principal Contact

- 3.1. In addition to the specific duties of an insurance manager set out in the contractual agreement, it is expected that the insurance manager will be the principal contact between the Authority and the class B insurer.
- 3.2. The insurance manager must ensure effective and efficient communication between the class B insurer and the Authority.
- 3.3. In particular, the insurance manager's responsibilities will include but are not limited to:
 - a) Providing applicable legislation, regulations, rules, statements of principle and statements of guidance to the class B insurer, together with timely updates on any changes thereto.
 - b) Providing any other information reasonably necessary for the class B



insurer to comply with the above.

- c) Ensuring the timely submission of applicable Prudential Reports, Financial Statements and Statistical Returns on behalf of the class B insurer.
- d) Timely payment of the class B insurer's licence fees to the Authority.
- e) Notification of change of directors, managers or officers of the class B insurer to the Authority.
- f) Notification of a change in shareholders/beneficial interest of the class B insurer to the Authority.
- g) Notification of difficulties in obtaining information from the class B insurer to the Authority.
- h) Providing assistance where necessary at meetings concerning the class B insurer, with the Authority.
- i) Maintenance of complete and proper books and records for the class B insurer, including the minutes of Board meetings.

4. Contractual Arrangements Between the Insurance Manager and the class B insurer

4.1. There should be a formal agreement between the insurance manager and the class B insurer. This will describe and govern the relationship between the parties and set out the respective functions, duties and responsibilities.

4.2. The Management Agreement should include:

- a) The power of the manager to act on behalf of and in the name of the



principal.

- b) An acceptance by the principal of actions taken by the manager on its behalf.
- c) A stipulation that regular management information reports are provided by the insurance manager to the directors of the class B insurer to enable performance to be measured against the business plan.
- d) An agreement as to the service of writs and other legal and/or official documents pertaining to the class B insurer.
- e) A requirement that records of the class B insurer are maintained in accordance with the applicable Insurance legislation.
- f) A requirement that the insurance manager will take appropriate action where requirements are imposed on the class B insurer by the Authority.
- g) The termination arrangements that must comply with the applicable Insurance legislation.
- h) A specification of confidentiality for both parties.
- i) A governing law clause that is in accordance with the laws of the Cayman Islands.