



RULE

PROFESSIONAL QUALIFICATION REQUIREMENTS – INSURANCE COMPANIES, BROKERS, AGENTS AND GENCIES

XX 2021



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List of Acronyms

CIMA Cayman Islands Monetary Authority
CPD Continuing Professional Development

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Rule on Professional Qualification Requirements – 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 Law;
- (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 six (6) months after it is gazetted.**

2. Statutory Authority

2.1 This Rule is being issued in line with Section 34 of the Monetary Authority Law 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 the responsibility for Financial Services, the Authority may –

- (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;..."*

3. Statement of Objectives

3.1 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.

3.2 This Rule is consistent with the Authority's statutory objectives as prescribed in the Monetary Authority Law, 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.

4. Scope of Application

- 4.1 The Authority will apply this Rule, and the requirements of the Insurance Law 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 Law 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 For the purpose of these Rules, the definitions below are provided.
- (a) **“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 in-house training programme; and/or completion of any other programme of study approved by the Authority.
 - (b) **“Approved Training Programme”** is a comprehensive programme of study, 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.
 - (c) **“Insurance Intermediary”** – fall into two categories in the Cayman Islands.



- i. **“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.
 - ii. **“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.
- (d) **“Relevant Persons”** refers to 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.
- (e) **“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 its 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 educational and/or professional requirements as specified by the Authority. 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.
- 6.9 In particular, where an Insurance Agent chooses to represent a long term and general insurer, the Authority will require the agent to demonstrate competence in both long term and general insurance by, at minimum, successfully completing a approved training programmes.
- 6.10 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 is required to demonstrate recent completion of a training programme by the sponsor prior to applying for a licence.
- 6.11 In some cases, particularly as it relates to senior officers, the Authority will require that the relevant person has attained educational or professional qualifications.
- 6.12 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 Qualification.
- 6.13 The relevant person is expected to have attained any of the following appropriate qualifications:
 - (a) a bachelor degree from a recognised university or tertiary education institution;
 - (b) an insurance qualification approved by the Authority;
 - (c) any other qualification considered by the Authority to be equivalent to or higher than any qualification set out in paragraph (a) and (b) above; or
 - (d) successful completion of an approved training programme.
- 6.14 Once professional qualifications have been achieved, relevant persons must keep their professional knowledge up to date by undertaking continuous professional development. The Authority expects that individuals will undertake professional training, regularly, and at least on an annual basis.

Continuing Professional Development (CPD)



- 6.15 All relevant persons are required to complete, at a minimum, fifteen (15) hours of continuing education every year. As part of the licence renewal process, licensees will be asked to complete a declaration to the Authority to confirm that they have met this requirement.
- 6.16 The Authority does not preapprove or recommend continuing education programmes/courses. Nevertheless, the Authority, at its own discretion, will assess and determine the relevance of CPD pursued.
- 6.17 CPD completed earned during one licence period cannot be used in another licence period.
- 6.18 A failure to comply with the CPD requirements by a relevant person may affect the results of the Authority's fit and proper assessment of that licensee.
- 6.19 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) The name of the course provider;
 - (b) The dates when courses or seminars were taken;
 - (c) A description of each course or seminar taken;
 - (d) Qualifying hours; and
 - (e) The signed certificate or other confirmation of completion by an authorised representative of the course provider.

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 Law, 2010 (as amended) and the Monetary Authority Law, 2020 (as amended).



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