

# GENERAL INSURANCE AGENTS' REGISTRATION REGULATIONS (GIARR)

Review of GIARR  
11 November 2014



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## Agenda



- ▶ GIARR Milestones
- ▶ Objectives of Review
- ▶ Key Amendments & New Framework
  - GIARR Key Amendments
  - Fit & Proper Criteria
  - New General Insurance Agency Management Framework
  - New Agency Management Framework for TSA
- ▶ Case of GIARR Breach
- ▶ Question & Answer Session

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# GIARR Milestones



Milestones	Description
1 Oct 1990	Implemented Minimum Requirements for General Insurance Agents
1 Oct 2005	Launch of Agents' Registration & CPD Management (ARCM) system
1 Jun 2007	Signing of New Market Agreement; Key changes: Recognised Basic Competency Examination (BCE) awarded by the Singapore College of Insurance (SCI) as minimum threshold conditions
1 Nov 2007	Introduction of Trade Specific Agents (TSA) framework
4 Feb 2009	Amendment in the MAS Notice 211 (12 Dec 2008); Mandatory requirements for general insurers to accept business only from registered agents of the Agents' Registration Board (ARB)

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## Objectives of Revised Regulations



- ▶ Streamline to define the roles, responsibilities and accountabilities of
  - Agents
  - Principals (insurers)
  - The Board
- ▶ Strengthen regulation framework to enhance standards, provide clarity on definition of terms in alignment with regulatory changes e.g. PDPA, Insurance Act amendment
- ▶ Introduction of Audit function by the ARB

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# GIARR Key Amendments



## ▶ Streamline Duties, Accountabilities and Responsibilities of Agents, Principals and ARB

- The duties, accountabilities and responsibilities of the three parties (namely Agents, Principals and ARB) have now been clearly segregated for ease of reference.

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# GIARR Key Amendments



## ▶ Roles and Responsibilities of Agent, TSA and Nominee Agent

- **Cash Agents**
  - a) Agents who have no credit terms with their Principals
  - b) All premiums received by an agent must be handed by the Agent directly to the Agent's Principal
  - c) **Acknowledgment receipt is now removed**

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# GIARR Key Amendments



## ▶ Roles and Responsibilities of Agent, TSA and Nominee Agent

### • Credit Agents

- a) Must agree with the Agent's Principal on the credit period
- b) Credit period shall not be longer than 90 days from policy inception date
- c) Maintain a separate Principal's Account for each Principal with a bank in Singapore; or provide each Principal with a bank guarantee or cash collateral of at least 50% credit limit

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# GIARR Key Amendments



## ▶ Roles and Responsibilities of Agent, TSA and Nominee Agent

### • Credit Agents

- d) Circumstances where money can be drawn from the Principal's Account:
  - ✓ Payment to Principal
  - ✓ Payment of commission due to Agent
  - ✓ Refunds to insured

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# GIARR Key Amendments



## ▶ Roles and Responsibilities of Agent, TSA and Nominee Agent

- Expanded to include Trade Specific Agent (TSA) category
- Agency Management Framework (Appendix B1) & TSA Framework (Appendix B2) are added



# GIARR Key Amendments



## ▶ Roles, Responsibilities and Powers of the Board

- **Sanctioning Body**
  - a) Breach of CPD
  - b) Breach of Outstanding Premium
  - c) Breach of GIARR and other misconduct
- **Auditing Body**

Empowered to conduct ad-hoc audits



# GIARR Key Amendments



## ▶ Registration of Agents and Representation of Principals

- No change in 3 Principals' ruling
- An agent shall not represent more than 3 Members as the Agent's Principals at any one time.
- **Broadening 3 Principals' ruling (under discussion)**

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# GIARR Key Amendments



## ▶ Disclosure & Restriction of Other Interest

- **Common shareholders are allowed for corporate agency and broking firm**
- **No common director in both operations**
- **2 operations must be set up as separate legal entities with separate management**
- **No person is allowed to be involved in operations of both businesses**

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# GIARR Key Amendments



## ▶ Agents' Identity Card

- From 1 Jan 2015, Agents' Identity Card will no longer be issued
- Agents can access the Agents' Registration and CPD Management (ARCM) system showing details of their Principals if they are active agents
- Changes in representation of Principals will be real time

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# GIARR Key Amendments



## ▶ New Offences under Regulation 13(iii)

- An offence specified under the Third Schedule of the Registration of Criminal Act (Cap. 268).

For example:

- ★ Voluntarily causing grievous hurt
- ★ Outraging of modesty
- ★ Kidnapping
- ★ Incest
- ★ Rioting

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# GIARR Key Amendments



## ▶ New Offences under Regulation 13(iii)

- An offence under the Corruption, Drug Trafficking and Other Serious Crime (Confiscation of Benefits) Act (Cap. 65A)



# GIARR Key Amendments



## ▶ New Offences under Regulation 13(iii)

- An offence involving the financial enrichment of one party at the financial detriment of another party, or any form of financial misconduct

For example:

- ★ Cheating
- ★ Criminal Breach of Trust
- ★ Securities offences
- ★ Dishonestly receiving stolen property





# Fit & Proper Criteria Key Amendments



## ▶ Conflicts of Interest

- Ongoing obligation for Agent to disclose conflicts of interest to the principal including annual declaration

## ▶ Confidentiality

- Personal Data Protection Act 2012  
Client's consent in the collection, use or disclosure of information

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# New General Insurance Agency Management Framework



- ▶ New industry guideline established to manage the code of conduct of agencies and help insurers to develop a more robust agency management system.

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# New General Insurance Agency Management Framework



- ▶ **Principal Agent (PA) is defined**
- ▶ **Tripartite Agreement is a requirement where a Principal Agent is appointed**

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## Agency Management Framework for TSAs



- ▶ **Agency Management Framework applies to all TSAs.**
- ▶ **Tripartite Agreement is mandatory where a Principal Agent is appointed**
- ▶ **Current TSA comprise :**
  - Card Protection Insurance
  - Electrical Protection Insurance
  - Foreign Worker Agencies
  - Freight Forwarders Agencies
  - Hand-phone Dealers
  - Maid Agencies
  - Maid + Foreign Worker Agencies
  - Motor Dealers
  - Travel Agencies

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# Implementation Date



The revised Regulations shall come into force with effect from...

**1 Jan 2015**

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# Case of GIARR Breach



- ▶ In April this year, an agent and its nominee agent had breached the following regulations of the GIARR:
  - Regulation 9 (i) by representing more than 3 General Insurance Association (GIA) Members as Principals at any one time; and
  - Regulation 11 (iv)(b) by arranging a contract of insurance as an agent for an insurer without an agency contract/ agreement.
  
- ▶ The GIA Management Committee imposed a suspension of 3 months on both the agent and its nominee agent pursuant to Regulation 22(iv) of the GIARR.

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Questions

Answers



Thank you