



# TURKS & CAICOS ISLANDS FINANCIAL SERVICES COMMISSION

4<sup>th</sup> March 2016

## REGULATORY ADVISORY NO. 1 OF 2016

### SPECIAL DISPENSATION

Please be advised that effective April 4, 2016, the Financial Services Commission will strictly enforce the requirements of section 8(11) of the Insurance Ordinance, which requires an insurance broker to apply for and obtain a special dispensation from the Commission prior to placing any insurance business with an unlicensed insurer. Section 8(11) states inter alia:

*"(11) A licensed insurance broker may obtain a special dispensation from the Commission to place a policy or contract of domestic business with one or more unlicensed insurers...."*

This advisory is guided by the direction of the Supreme Court in a recent decision on a related matter.

Accordingly, the practice of considering special dispensation applications after the commencement date of the insurance cover will be discontinued. Special dispensation applications must be received AND approved by the Commission prior to the commencement date of the contract. This applies to new business and renewals. Regulatory enforcement action will be instituted against insurance brokers who violate the requirements of section 8(11) of the Insurance Ordinance.

Insurance brokers with insurance business placed in violation of section 8(11) of the Ordinance should take the opportunity before April 4, 2016 to obtain the necessary special dispensation approval without the risk of regulatory enforcement action.

Perceived violators of section 8(11) will be issued with a 'Notice of Intention to take Disciplinary Action'. The broker will be provided with a minimum of 28 days to make written representation to the Commission. A decision on a Penalty Notice will be made after careful consideration of the broker's written submission. Where a Penalty Notice is issued, the penalty will be in accordance with the Financial Services (Financial Penalties) Regulation and any penalty issued shall be under Category 4 of the Schedule, which provides for a fine ranging from \$1,000 - \$5,000.

Please be guided accordingly

Turks and Caicos Islands

Financial Services Commission

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