



TURKS AND CAICOS ISLANDS FINANCIAL SERVICES COMMISSION LICENSING GUIDELINES: DOMESTIC INSURANCE

1.0 Introduction

- 1.1 The objective of this guideline is to set the minimum criteria for the granting of a license to any person wishing to carry on insurance business in or from within the Turks and Caicos Islands. The granting of a license is a key function of the Financial Services Commission ("the Commission") pursuant to Section 4 of the Turks & Caicos Islands Insurance Ordinance.
- 1.2 The Commission is committed to maintaining high standards for the effective licensing, regulation and supervision of the Turks and Caicos Islands ("TCI") financial sector.

2.0 Scope

- 2.1 The Commission will apply this guideline, and the requirements of the Insurance Ordinance and its Amendments in assessing all applicants seeking to be licensed to carry on insurance business in or from within the TCI. Any person, who carries on insurance business in or from within the TCI without being licensed, commits an offence.
- 2.2 Insurance business as defined in the Insurance Ordinance is *"the business of effecting and carrying out contracts - protecting persons against loss or liability to loss in respect of risks to which such persons may be exposed; or to pay a sum of money or other thing of value upon the happening of an event, and includes reinsurance business and running-off business including the settlement of claims."*
- 2.3 It is unlawful for a company to use in its name the word "insurance" or any other word which connotes insurance business unless the Commission's consent has been obtained.

3.0 Categories of Licensing

- 3.1 The Commission may grant one or more of the following types of licences to an applicant for the purpose of conducting insurance business:
 - i. Insurer's Licence
 - ii. Insurance Agent's Licence
 - iii. Insurance Sub-agent's Licence
 - iv. Insurance Broker's Licence
 - v. Insurance Manager's Licence
 - vi. Principal Insurance Representative's Licence

4.0 Approach to Licensing

- 4.1 The Commission is committed to maintaining and promoting the safety and stability of the insurance sector in the TCI and to that end, each application will be considered on its own merit and the information submitted will be subjected to rigorous scrutiny.
- 4.2 The minimum requirements set out in the “Fit and Proper Guidelines”¹ issued by the Commission will be applied in determining the fitness and probity of shareholders, directors and senior officers. Applicants should demonstrate that the Board of Directors or governing body and management who control its affairs are competent, possess evidence of relevant ability, integrity and experience in the field of insurance. This is not only a requirement for granting of a licence, but is an ongoing obligation.
- 4.3 Applicants should demonstrate that members of staff have the necessary range of skills and experience to manage the applicant’s affairs in a sound and prudent manner.
- 4.4 The Commission reserves the right to grant or refuse applications for reasons not set out in the guidelines, where these reasons preserve the interests of the TCI and its people.
- 4.5 Decisions made by the Commission with respect to licensing are final and are not subject to appeal or review by any Court or other authority.
- 4.6 The Commission will publish a notice of the granting of an insurance licence in the Gazette.

5.0 Application

All Applicants²

- 5.1 Persons with serious intent to submit an application for a licence to conduct insurance business in or from within the TCI are invited to discuss their plans with the Commission and seek further guidance, prior to making a formal application.
- 5.2 Applicants should note that the Commission’s review process is consultative and may vary in length, based on the nature and the substance of each application. Applicants are formally advised of the Commission’s decision in writing.
- 5.3 Applicants seeking to conduct insurance business in or from within the TCI will generally be required to complete a checklist³ in the approved form along with the relevant application form⁴ supplemented by the prescribed fee. The following documents are required to be submitted to the Commission for the grant of a license:

¹ Available on the Commission’s website at following link <http://www.tcifsc.tc/policies-guidelines?start=20>

² (except Agents and Sub-Agents who are individuals)

³ Checklist available on the Commission’s website at the following link (<http://www.tcifsc.tc/departments/insurance/insurance-forms/category/50-domestic-insurance>)

⁴ Application form is provided on our website <http://www.tcifsc.tc/departments/insurance/insurance-forms/category/50-domestic-insurance>

- i. Evidence of incorporation and/or registration under the TCI Companies Ordinance. For applicants incorporated outside of the TCI, evidence of incorporation and/or registration in the place of incorporation, inclusive of a Certificate of Good Standing should be submitted to the Companies Registry to facilitate the registration of the Company under the TCI Companies Ordinance.
- ii. Where applicable, confirmation of compliance and evidence in writing from the Home Regulator or authority responsible for the supervision of insurance, of the applicant or its parent Company, that such authority is aware of the intended application.

The following documents are required for all applicants with the exception of insurance sub- agents, and agents who are individuals:

- iii. A detailed Business Plan containing a 5 year financial projection. The Business Plan should also include at a minimum, a statement explaining the rationale for the application, as well as type and source of business contemplated, and an overall assessment of risk factors.
- iv. Details of the applicant's directors or governing body and key management personnel. This includes, certified passport identification, notarised biographical affidavit, current résumé, three references, (financial reference from a bank or trust company, professional reference, personal reference) and original police certificate from each person's place of permanent residence, dated within the last 6 months.
- v. Statement of Affairs⁵ for each Shareholder and Director.
- vi. Details of all the applicant's registered shareholders and beneficial owners of shares that are not registered, listing the shareholdings by percentage for each.
- vii. A current group organization chart (including ultimate parent, holding companies, affiliates and subsidiaries) and proposed group chart showing the position of the applicant.

5.4 **Insurer's Licence**

For insurer's licence applications, the following are required to be submitted with those required by paragraph 5.3 above.

- i. Details of the proposed reinsurance agreements, inclusive of the evidence from insurance/reinsurance companies that the (re)insurer plans to conduct insurance business with the applicant.
- ii. Evidence of consent from the local resident representative, appointed by the insurer, for the purpose of accepting service of process in any legal proceedings to which the proposed insurer may be a party.

⁵ Available on Commissions website <http://www.tcifsc.tc/departments/insurance/insurance-forms/category/27-other-compliance-forms>

- iii. Evidence of undertaking from proposed intermediaries (broker, agent, insurance manager, principal insurance representative).
- iv. Details of the proposed auditor⁶, inclusive of the letter of consent to act as auditor. The proposed auditor must be approved by the Commission.
- iv. Audited financial statements of the applicant, the holding company, parent, and associated companies for the preceding two years of the application (where applicable).
- v. A statement of net worth of the applicant at the end of the month prior to the lodging of the application; this statement must be certified by a director or senior officer of the applicant, if assets include a shareholding in another company, a statement of the capital of such company.
- vi. Where applicable, evidence of undertaking from head office to provide financial support sufficient to enable the proposed insurer to meet its obligations as and when they fall due.
- vii. Applicants should meet the minimum capital adequacy requirements as prescribed in the Insurance Ordinance. However, the Commission may require start-up capital in excess of the minimum requirement where the size, type, complexity and nature of the proposed business so warrants.
- viii. There is a requirement for licensees to maintain a Restricted Deposit. Evidence of the Restricted Deposit should be submitted directly to the Commission by the bank. The bank confirmation should state the amount of the Restricted Deposit, that it is being held to the order of the Commission and cannot be released or reduced without the prior written approval from the Commission.
- ix. Specimen policies of products to be offered in the TCI.
- x. For long term insurers, evidence of the actuarial certification of the premium rates used for these policies.
- xi. Evidence of consent from proposed Actuary, if a long term insurer.
- xii. For a long term insurer, applicant should demonstrate adequate policies, procedures and systems consistent with the Guidelines on Anti-Money Laundering and Prevention of Terrorist Financing Regulations 2010.

⁶ Available on the Commissions website at <http://www.tcifsc.tc/policies-guidelines?start=10>

- xiii. Where the company is incorporated outside of the TCI, evidence that the Company is licensed to conduct insurance business in their home jurisdiction and the Company has been in insurance business for a least 10 years.

5.5 Insurance Broker's Licence

For Insurance Broker's licence applications, the following are required to be submitted in addition to those required by paragraph 5.3 above.

- i. Evidence of the proposed Professional Indemnity insurance of not less than US\$100,000 for any one loss.
- ii. Where applicable, audited financial statements of holding company, parent, and associated companies for the preceding two years of the application.
- iii. Where applicable, a statement of net worth of the applicant at the end of the month prior to submission of the application; this statement must be certified by a director or senior officer of the applicant. If assets include a shareholding in another company, a statement of the capital of such company.
- iv. Signed Broker Agreement(s) with TCI licensed insurer(s).

5.6 Insurance Agent's Licence

For an Agent's licence application, where applicable, the following is required to be submitted with those required by 5.3 above.

- i. Evidence of power of attorney, agency agreement or guarantee between the agent and the insurer for which the agent acts. These documents should extend to include the activities on behalf of the insurer and the agent or his sub-agents, if any.
- ii. As an alternative to the documents above the agent may maintain in force professional indemnity insurance as if he had been licensed as an insurance broker.

5.7 Insurance Sub-Agent Licence

All applications for sub-agent licence should be submitted by the agent or broker engaging the sub-agent.

For a sub-agent's licence application, where applicable, the applicant is required to submit to the Commission the documents outlined in 5.3 above.

5.8 Principal Insurance Representative

For a Principal Insurance Representative licence application, the following are required to be submitted in addition to those required by paragraph 5.3 above.

- i. Evidence of the proposed Professional Indemnity insurance of not less than US\$100,000 for any one loss placed with a licensed insurer.
- ii. Audited financial statements of the applicant, the holding company, parent, and associated companies for the preceding two years of the application (where applicable).
- iii. A statement of net worth of the applicant at the end of the month prior to the lodging of the application; this statement must be certified by a director or senior officer of the applicant, if assets include a shareholding in another company, a statement of the capital of such company.

6.0 Other Considerations

- 6.1 All documents should be dated, signed and stamped as or where appropriate. The application review process will not commence prior to receipt of all relevant documents.
- 6.2 The license fee will become payable after approval has been granted for the issuance of a licence.
- 6.3 All licensees should be a registered member of the Insurance Association of the TCI.
- 6.4 All licensees in accordance with Section 31 (2) of the Financial Services Commission Ordinance (FSCO) should appoint a Compliance Officer. Further details is available on our website at <http://www.tcifsc.tc/the-latest/78-policies-guidelines/266-guideline-for-appointment-of-regulatory-licensees-compliance-officers-money-laundering-compliance-officers-and-money-laundering-reporting-officers-update>
- 6.5 Once licensed, licensees must comply with all relevant Ordinances and Regulations and is subject to the Commission's ongoing oversight. Where it sees fit, the Commission may impose further prudential requirements as necessary for the safeguard of policyholders and the insurance sector. The Commission expects that all licensees will comply with all legal and prudential requirements, upon issue of a licence.

7.0. License Fees

- 7.1 The full details of Insurance fees can be found in the **Insurance (Amendment) Regulations 2012** and **Insurance (Amendments) Regulations 2009**, but for ease of reference a summary is shown on our website at <http://tcifsc.tc/departments/insurance/insurance-fees>.