



TURKS & CAICOS ISLANDS FINANCIAL SERVICES COMMISSION

Special Dispensation

Regulatory Advisory No. 3 of 2016

This advisory is issued pursuant to section 8(11) of the Insurance Ordinance (“IO”) Chapter 16.06

Special dispensation applications for new business and renewals must be received AND approved by the Commission **prior to the commencement date of the contract to which they apply.**

Special dispensation will be granted based on a determination by the Commission that ***‘it is not possible to obtain similar protection from a licenced insurance company’***. Accordingly, the required approval under Section 8(11) of the IO will only be granted after the Commission is satisfied that similar coverage is not available from insurers licenced to operate in the Turks and Caicos Islands (“TCI”).

Further, approval will only be granted to place business with an insurer(s) not licensed in the TCI where:

- i) the insurer(s) has/have never been refused a licence under the IO;
- ii) the insurer(s) is/are approved by the Commission as being of sound reputation; and
- iii) the Commission is satisfied that the proposed volume of domestic business to be placed with the insurer(s) is inadequate to support obtaining an insurance licence.

Effective **1st July 2016**, the following procedures will be adopted by the Commission for the review of applications for approval to place domestic insurance business with one or more insurers not licensed in the TCI:

1. The Insurance Broker must submit the following documents to the Commission in electronic form:

- a. *Special Dispensation Application form*¹. The form must be fully completed, signed and dated.
 - b. A summary of the risk to be insured and the required insurance coverage. The summary document should include the type of risk to be insured, general risk features, and the sum insured.
 - c. Risk details, proposal documentation, renewal notice or quotation document for the proposed placement. These documents should provide, at a **minimum**, the name of the insurer, the insured or prospective insured, type of insurance cover sought, the sum assured or to be insured, the premiums payable and the period of cover.
2. A non-refundable application fee of \$150.00 is payable on application for each special dispensation being sought.
 3. The Commission will circulate the summary information provided by the Insurance Broker in 1(b) above to all TCI licensed insurers with a request for the insurer to indicate if it can provide the requested insurance cover. If an insurer indicates that it can provide coverage for a particular risk, the Commission will inform the broker and the broker will provide further information to the insurer for underwriting purposes.
 4. The Commission will revert to the Insurance Broker **within five working days of the application** with a decision on the application or a request for additional information on the risk to be insured.
 5. If additional information is requested, the Commission will provide the Insurance Broker with a decision **within five working days of receipt of the additional information requested**.
 6. A letter will be issued to the Insurance Broker advising on whether the application has been approved or declined. Where the application has been declined, the letter will include the reason(s) for the rejection.
 7. In instances where Special Dispensation was approved and the client decides not to “take the cover”, the application fee of \$150.00 may be credited to the Broker’s Account.

¹ A copy of the Special Dispensation application form is available on the Commission’s website at: <http://tcifsc.tc/departments/insurance/insurance-forms/category/27-other-compliance-forms>

8. Where approval is granted for the risk to be covered by an insurer not licensed in the TCI, the prospective insured will be required to sign a Policyholder's Declaration Form (Appendix 1) acknowledging that the insured is aware of the following:
 - a. That the insurer is not subject to any regulation in the TCI.
 - b. That the payment of claims may be more difficult than with an insurer licenced to operate in the TCI.
 - c. That Commission has no regulatory authority with respect to the insurer.

The Policyholder's Declaration Form should be completed in duplicate: the original signed form should be filed on the policy file for a minimum of five years and a copy should be provided to the policyholder along with the policy documents.

Appendix 1: Policyholder’s Declaration: Placement of policy or contract of domestic business with one or more insurer not licensed to carry on insurance business in the Turks and Caicos Islands

Pursuant to Section 8 (11) of the Insurance Ordinance, an insurance broker is required to apply to the Turks and Caicos Islands Financial Services Commission (“the Commission”) for Special Dispensation to place a policy or contract of domestic insurance business with one or more insurers who are not licensed to carry on insurance business in the Turks and Caicos Islands.

I, *(Name of policyholder)* was informed by *(Insert name of broker)* that *(the risk to be insured)* cannot be covered by an insurer licensed in the Turks and Caicos Islands and Special Dispensation has been obtained from the Commission to place the abovementioned risk with an insurer not licensed in the TCI. I hereby advise that a copy of the Commission’s Special Dispensation approval letter was shown to me.

Further, I acknowledge that I was informed by *(Insert name of broker)* prior to the placement of the insurance that;

1. The insurer(s) with whom the insurance is to be placed is not licensed in the Turks and Caicos Islands and is not subject to the jurisdiction or supervision by the Commission or any other regulatory or law enforcement body in the Turks and Caicos Islands;
2. That the payment of claims may be more difficult than with an insurer licenced to operate in the Turks and Caicos Islands; and
3. Where there are disputes concerning the settlement of claims or creditors in case of insolvency of the insurer unpaid claims may have to be pursued in other jurisdictions.

I, declare that the information given above is accurate and that the contents of this form were explained to me by the abovementioned broker.

Dated the _____ day of _____ (Date) (Month) (Year)

Signed by *(Name of policyholder)* in the presence of:

(Name of Witness) _____