

MAS 108

31 Jan 1995

NOTICE TO ALL INSURERS INSURANCE ACT, CAP 142

Note: This Notice does not apply to reinsurers and captive insurers.
This Notice replaces MAS 108 dated 15 Dec 92.

STAFF AGENCY BUSINESS

Conflict of Interest

1 All insurers are expected to exercise underwriting prudence in the acceptance of insurance business. It is important, therefore, that underwriters should not be placed in situations of conflict of interest. It would certainly be an undesirable practice to allow a staff member to underwrite business brought in by him for which he is paid a commission.

Guidelines

2 To avoid conflicts of interest and to encourage professional underwriting practice, all insurers are required to comply with the following guidelines:

- i) The company shall not pay commissions directly or indirectly to the following persons or to agencies for which they or their immediate family members* have beneficial interest:
 - a) Its Principal Officer or Chief Executive;
 - b) A Director of the company, unless he had no executive power or influence on its underwriting and claims handling practices;

* "Immediate family members" refers to "spouse, father, mother, son and daughter".

 - c) Senior executives with underwriting or claims handling authority, unless it is in respect of renewal of policies of existing insureds and such business has been underwritten by the Principal Officer or Chief Executive; and
 - d) Other staff members, unless such business has been underwritten by a more senior staff member.
- ii) Staff who are paid commissions for business brought in by them shall not be involved in the assessment and settlement of claims arising from such business.
- iii) The Company shall maintain a register of staff agencies. The register shall include particulars such as:

- a) Name and designation of staff;
- b) Name and date of appointment of agency;
- c) Rate of commission for each class of business (in the case of general business) and for each type of policy (in the case of life business);
and
- d) Credit terms.

Last modified on 31/8/2006