

Guidelines on Handling of Premiums

The Code of Practice for the Administration of Insurance Agents (the Code) specifies that the Insurance Agents Registration Board (IARB) may issue Guidance Notes from time to time as to how it intends to exercise its powers and fulfil its responsibilities under the *Code*. This Guidance Note is intended to help both insurers and insurance agents comply with the *Code* and in particular Part F of the *Code* which stipulates that an insurance agent shall at all times conduct business in good faith and with integrity.

Failure to comply may constitute a breach of the *Code* by either a Principal/an insurance agent under Part C or an insurance agent under Part F.

Handling of Premiums

More than one third of complaints handled by the IARB relate to misappropriation or mishandling of premium. Customers will want to pay their premiums in a variety of ways including cash, credit card, cheque and bank transfer. It is up to the Principal to decide which methods are acceptable but the following methods are recommended:

Cheque in favour of the Principal or

Credit card/direct deposit/bank transfer from the customers' account to the Principal.

Any other method of payment or credit facilities extended to an agent should be subject to clear rules set out by the Principal designed to avoid the mixing of customers' money with agents' personal funds.