

ASSOCIATION OF TRINIDAD AND TOBAGO INSURANCE COMPANIES
(ATTIC)

CODE OF ETHICS

OBJECTIVE

This Code is intended to:

- a. define and promote standards of ethical behaviour among member companies;
- b. facilitate effective functioning as corporate citizens, in accordance with proper insurance industry practice;
- c. project a positive image of the industry, dedicated to serving the public interest, in a fair and honest manner;
- d. regulate the practice of member companies.

A member company of ATTIC has a social, moral and economic responsibility to the public, to its employees, agents, consumers of insurance, to other members of the insurance profession, to itself and to ATTIC and shall at all times uphold the basic tenets of insurance and the letter and spirit of this Code with:

(i) fidelity to public needs:

(ii) fairness and utmost good faith in dealings with associates, consumers of insurance, employees, agents and intermediaries (brokers and adjusters)

(iii) commitment to high standards of honour and professional integrity between companies, consumers of insurance and the public.

(iv) loyalty to, and confidence in the objectives of the Association.

GENERAL

A member must -

* Abide by the letter and spirit of the Code, even if particular circumstances are not covered in, the Code or the Insurance Act or any other legislation.

* Act in accordance with proper insurance practice as professed by the Association and/or applied in the market.

* Act in accordance with provisions of the Code even if such action means foregoing advantages to itself.

TO THE PUBLIC/CONSUMERS OF INSURANCE

A member must: -

* Recognize and accept its duty of care to consumers of insurance and place the interests of its policyholders before all other considerations.

* Advise only on insurance matters about which it is knowledgeable and possesses adequate information.

* Treat all information received from consumers of insurance in the strictest confidence and not divulge such information without prior written consent from the party concerned.

* Comply with the doctrine of utmost good faith by disclosing all relevant information to proposed consumers of insurance and not mislead the insured but enable him to make decisions which are in his best interest.

TO OTHER MEMBERS OF THE PROFESSION

(Insurers/Brokers/Adjusters/Agents/Salesmen/Employees)

A member must:

* Recognise and accept its collective and individual responsibility for professional conduct in its relationship with fellow/associate companies and all other members of the industry.

* Ensure that the public does not suffer from acts of omission or commission by encouraging and promoting continuing education so that workers in the industry achieve increasingly better qualification standards.

* Ensure that any advertisements or public announcements are clear and not misleading or defamatory of other members but are such as would project a positive image of the industry.

* Honour the contractual and legal relationships which exist between itself and employees, agents, salesmen and brokers.

Not seek to obtain business by any unethical practice which would tarnish the image of the industry or adversely affect the interest of consumers of insurance itself and the industry as a whole.

TO THE ASSOCIATION

A member must:

* Support and participate in the Association's various activities including improving education/service to the public on insurance and its beneficial role in society.

* Abide by the Association's Rules, Code of Ethics and Code of Practice and may publicize its membership in the Association only if it so abides.

* Ensure that all advertisements or public announcements with which its name is associated are not such that would bring the Association into disrepute but enhance its integrity and image.

* Accept and execute its duties as a member of the Association, to act in accordance with the highest standards of professional conduct and ethics, to uphold the reputation of the Association and to profile the insurance profession in a very positive light.

STATEMENT OF PRACTICE FOR GENERAL INSURANCE BUSINESS WITHIN TRINIDAD AND TOBAGO

1. PROPOSAL FORM:

(a) Whenever a proposal form is required for completion of the contract of insurance, the declaration at the end of the form should be restricted to completion according to the proposer's knowledge and belief.

(b) If not included in the declaration, prominently displayed on the proposal form should be a statement:

(i) drawing the attention of the proposer to the consequences of the failure to disclose all material facts, explained as those facts an insurer would regard as likely to influence the acceptance and assessment of the proposal.

(ii) warning that if the proposer is in any doubt about facts considered material, he should disclose them.

(c) Those matters which insurers have found generally to be material will be the subject of clear questions in proposal forms.

(d) So far as is practicable, insurers will avoid asking questions which would require expert knowledge beyond that which the proposer could reasonably be expected to possess or obtain or which would require a value judgement on the part of the proposer.

(e) Whether or not the prospectus or the proposal form contains an outline of the cover, the proposal form shall include a statement that a copy of the policy for is available on request.

(f) Unless the completed proposal form or a copy of it has been sent to a policyholder, a copy will be made available when an insurer raises an issue under the proposal form.

2. CLAIMS:

(a) Except where fraud, deception or negligence is involved, an insurer will not unreasonably repudiate liability to indemnify a policyholder:

(i) On the grounds of non-disclosure or misrepresentation of a material fact where knowledge of the facts would not materially have influenced the insurer's judgement in the acceptance or assessment of the insurance.

(ii) On the grounds of a breach of warranty or condition where the circumstances of the loss are unconnected with the breach.

(b) Liability under the policy having been established and the amount payable by the insurer agreed, payment will be made without avoidable delay.

Paragraph 2 (a) does not apply to Marine and Aviation policies.

3. RENEWALS:

Renewal notices should contain a warning about the duty of disclosure including the necessity to advise changes affecting the policy which have occurred since the policy inception or last renewal date, whichever was the later.

4. COMMENCEMENT:

Any changes to insurance documents will be made as and when they need to be reprinted, but this Statement will apply in the meantime.

5. DISPUTES:

The provisions of this Statement shall be taken into account in arbitration and any other referral procedures which may apply in the event of disputes between policy holders and insurers relating to matters dealt with in this Statement.

GENERAL INSURANCE BUSINESS - CODE OF PRACTICE FOR ALL INTERMEDIARIES (INCLUDING EMPLOYEES OF INSURANCE COMPANIES) OTHER THAN REGISTERED INSURANCE BROKERS

This code applies to general business as defined in the Insurance Act 1980 as amended, but does not apply to reinsurance business. As a condition of membership of the Association of Trinidad and Tobago Insurance Companies members undertake to enforce this code and to ensure that all those involved in selling their policies observe its provisions.

It shall be an overriding obligation of an intermediary at all times to conduct business with the utmost good faith and integrity.

In the case of complaints from policyholders, the intermediary shall be required to cooperate so that the facts can be established. The policyholder shall be informed so that he can refer his complaint directly to the insurer.

GENERAL SALES PRINCIPLES

1. The intermediary shall:

(i) where appropriate make a prior appointment to call. Unsolicited or unarranged calls shall be made at an hour likely to be suitable to the prospective policyholder.

(ii) when he/she makes contact with the prospective policyholder, identify himself/ herself and explain as soon as possible that the arrangements he/she wishes to discuss could include insurance. He/she shall make it known that he/she is the agent of one or a number of insurance companies (as the case may be), one or more of whose policies he/she may wish to discuss.

(iii) ensure as far as possible that the insurance cover proposed is suitable to the needs and resources of the prospective policyholder.

(iv) give advice only on those insurance matters in which he/she is knowledgeable and seek or recommend other specialist advice when necessary.

(v) treat all information supplied by the prospective policyholder as completely confidential to himself/herself and to the company or companies to which the business is being offered.

2. The intermediary shall not

(i) inform the prospective policyholder that his/her name has been given by another person unless he/she is prepared to disclose that person's name if requested to do so by the prospective policyholder and has that person's consent to make that disclosure:

(ii) make inaccurate or unfair criticisms of any insurer.

(iii) make comparisons with other types of policies unless he/she makes clear the differing characteristics of each policy.

B. EXPLANATION OF THE CONTRACT

1. The intermediary shall:

(i) identify the insurance company.

(ii) explain all the essential provisions of the cover afforded by the policy, or policies, which he/she is recommending so as to ensure as far as possible that the prospective policyholder understands what is being bought.

(iii) draw attention to any restrictions and exclusions applying to the policy.

(iv) if necessary, obtain from the insurance company, specialist advice in relation to items (ii) and (iii) above.

(v) not impose any charge in addition to the premium required by the insurance company without first disclosing the amount and purpose of such charge and obtaining the proposer's agreement to pay the same.

C. DISCLOSURE OF UNDERWRITING INFORMATION

1. The intermediary shall, in obtaining the completion of the proposal form or any other material:

(i) avoid influencing the prospective policyholder and make it clear that all the answers or statements are the latter's responsibility.

(ii) ensure that the consequences of non-disclosure and inaccuracies are pointed out to the prospective policyholder by drawing attention to the relevant statement in the proposal form and by explaining it to the prospective policyholder.

D. ACCOUNTS AND FINANCIAL ASPECTS

1. The intermediary shall, if authorized to collect monies in accordance with the terms of his agency appointment:

(i) keep a proper account of all financial transactions with a prospective policyholder which involve the transmission of money in respect of insurance.

(ii) acknowledge receipt of all money received in connection with an insurance policy and distinguish the premium from any other payment included in the money.

(iii) remit any such monies so collected in strict conformity with his agency appointment.

E. DOCUMENTATION

The intermediary shall not withhold from the policyholder any written evidence or documentation relating to the contract of insurance.

F. EXISTING POLICYHOLDERS

The intermediary shall abide by the principles set out in this Code to the extent that they are relevant to his dealings with existing policyholders.

GUIDELINES OF LONG-TERM INSURANCE PRACTICE

1. APPLICATION FORM:

- (a) If the application form calls for the disclosure of material facts a statement should be included in the declaration, or prominently displayed elsewhere on the form or in the document of which it forms part:
 - (i) drawing attention to the consequences of failure to disclose all material facts and explaining that these are facts that an insurer would regard as likely to influence the assessment and acceptance of a proposal.
 - (ii) Warning that if the signatory is in any doubt about whether certain facts are material, these facts should be disclosed.
- (b) Neither the proposal nor the policy shall contain any provision converting the statements as to past or present facts in the proposal form into warranties, except where the warranty relates to a statement of fact concerning the life to be assured under the terms of another policy. Insurers may, however, require specific warranties about matters which are material to the risk.
- (c) Those matters which insurers have commonly found to be material should be the subject of clear questions in proposal forms.
- (d) Insurers should avoid asking questions which would require knowledge beyond that which the signatory could reasonable be expected to possess.
- (e) The proposal form or a supporting document should include a statement that a copy of the policy form or of the policy conditions is available on request.
- (f) The proposal form or a supporting document should include a statement that a copy of the completed proposal form is available request.

2. POLICIES AND ACCOMPANYING DOCUMENTS

- (a) Insurers will continue to develop clearer and more explicit proposal forms and policy documents whilst bearing in mind the legal nature of insurance contracts.
- (b) Life assurance policies or accompanying documents should indicate:
 - (i) the circumstances in which interest would accrue after the policy has matured; and
 - (ii) whether or not there are rights to surrender values in the contract and, if so, what those rights are.

(Note: The appropriate sales literature should endeavour to impress on proposers that a whole life or endowment assurance is intended to be long-term contract and that surrender values, especially in the early years, are frequently less than total premiums paid.)

3. CLAIMS

- (a) An insurer will not unreasonably reject a claim. In particular, an insurer will not reject a claim or invalidate a policy on grounds of non-disclosure or misrepresentation of a fact unless.
 - (i) it is a material fact; and
 - (ii) it is a fact within the knowledge of the applicant; and/or agent
 - (iii) it is a fact which the applicant could reasonably be expected to disclose.

(It should be noted that fraud or deception will, and reckless or negligent non-disclosure or misrepresentation of the material fact may, constitute grounds for rejection of a claim).

- (b) Except where fraud is involved, an insurer will not reject a claim or invalidate a policy on grounds of a breach of a warranty unless the circumstances of the claim are connected with the breach and unless:

- (i) the warranty relates to a statement of fact concerning the life to be assured under the terms of another policy and that statement would have constituted grounds for rejection of a claim by the insurer under 3 (a) above if it has been made by the life to be assured under an own life policy or been made by the life to be assured under an own life policy or
 - (ii) the warranty was created in relation to specific matters material to the risk and it was drawn to the applicant's attention at or before the making of the contract.
- (c) Under any conditions regarding a time limit for notification of a claim, the claimant will not be asked to do more than report a claim and subsequent development as soon as reasonably possible
 - (d) Payment of claims will be made without avoidable delay once the insured event has been proven and the entitlement of the claimant to receive payment has been established.
 - (e) In the case of the tax exempt policy with a friendly society, the total of the cash sum due and such interest to the date of the claim cannot exceed the statutory limit on such assurance.

4. COMMENCEMENT

Any changes to insurance documents will be made as and when they need to be reprinted, but this Statement will apply in the meantime.

LIFE ASSURANCE SELLING- CODE OF GUIDELINES

INTRODUCTION

- (i) The term "life assurance" used in this code is as defined in the applicable Insurance Act. I.e. industrial life assurance, ordinary life assurance including unit linked life, all types of annuities, Pension contracts and permanent health insurance
- (ii) Part 1 of the guidelines applies to "intermediaries" .i.e. all those persons, selling life assurance other than registered insurance brokers.
- (iii) Members of the Association have undertaken, as a condition of membership, to follow the guidelines and to use their best endeavours to ensure that all those involved in selling their policies observe its provision.

In the case of complaints received either directly or indirectly from policyholders the intermediary shall be required to co-operate with the office concerned in establishing the fact. The complainant shall be informed that he can refer the complaint to the Supervisor of Insurance as final and integrity.

PART 1 – GUIDELINES FOR INTERMEDIARIES

It shall be an overriding obligation of an intermediary at all times to conduct with the utmost good faith and integrity.

A. GENERAL SALES PRINCIPLES

1. The intermediary shall
 - (i) where appropriate make a prior appointment to call. Unsolicited or unarranged calls shall be made at an hour likely to be suitable to the prospective policyholder.
 - (ii) When he/she makes contact with the prospective policyholder, identify himself/herself and explain as soon as possible that the arrangements he/she wishes to discuss could include life assurance. He/she shall make it known that he/she is the agent of a insurance company.

- (iii) Ensure as far as possible that the policy proposed is suitable to the needs and not beyond the resources of the prospective policyholder.
- (iv) Give advice only on those matters in which he is competent of deal and seek to recommend other specialist advice if this seems appropriate.
- (v) Treat all information supplied by the prospective policyholder as completely confidential to himself and to the life office to which the business is being offered.
- (vi) In making comparisons with other types of policies or forms of investment, make clear the different characteristics of each policy of investment.

2. The intermediary shall not-

- (i) inform the prospective policyholder that his name has been given by another person unless he is prepared to disclose that person's name if requested to do so by the prospective policyholder.
- (ii) Make inaccurate or unfair criticisms of any insurer;
- (iii) Attempt to persuade a prospective policyholder to cancel any existing policies unless these are clearly unsuited to his needs.
- (iv) Sell only those policies which pay the highest commissions but which may not be in the applicant's best interest.

B. EXPLANATION OF THE CONTRACT

1. The intermediary shall

- (i) explain all the relevant provisions of the contract or contracts which he is recommending so as to ensure as far as possible that the prospective policyholder understands what he is committing himself to.
- (ii) Draw attention to any restrictions applying to the policy such as statutory restrictions applying to individual pension arrangements.
- (iii) Draw attention to the long-term nature of the policy and to the consequent early discontinuance and surrender.
- (iv) In the case of a policy qualifying for tax relief draw attention to the fact that the relief may be varied by the Government from time to time.

2. Where a policy offers participation in profits, or otherwise depends on variable factors such as investment performance, ensure that descriptions of the benefits shall distinguish between fixed and projected benefits.

Where projected benefits are illustrated, should state clearly, where applicable, that they are based on certain assumptions, e.g. about future credited rates of interest, and hence are not guaranteed, and these assumptions should be stated.

The actual benefits being paid must be shown. No policy/Plan should be sold based solely on projected benefits.

In the case of participating policies, state clearly that dividends declared in the future may be lower or higher than those currently quoted. Thus past performance may not necessarily be a guide to future performance.

Where supplied with an illustration by the insurer, shall use the whole illustration in respect of the contract which he is discussing with the prospective policyholder, and on other, and shall not add to it or select only the most favourable aspects of it.

C. DISCLOSURE OF UNDERWRITING INFORMATION

1. The intermediary shall in obtaining the completion of the application form or any other material –
 - (i) avoid influencing the applicant and make it clear that all answers or statements are the latter's own responsibility.
 - (ii) Ensure that the consequences of non-disclosure and mis-representation are pointed out to the applicant by drawing his attention to the relevant statement in the proposal form and by explaining them to the proposer.

D. ACCOUNTS AND FINANCIAL ASPECTS

1. The intermediary shall –
 - (i) keep a proper account of all financial transactions with a prospective policyholder which involve the transmission of money in respect of insurance.
 - (ii) Acknowledge receipt (which unless the intermediary has been otherwise authorised by the office shall be on his own behalf) of all money received in connection with an insurance policy and distinguish the premium from any other payment included in the money;
 - (iii) Forward without delay any money received for life assurance.