

GOOD PRACTICES IN CONDUCTING INQUIRIES ON INSURANCE AGENTS

These good practices in conducting inquiries into alleged wrongful acts¹ by insurance agents have been developed jointly by the Insurance Board of Sri Lanka, Insurance Association of Sri Lanka, Sri Lanka Insurance Brokers Association and the Sri Lanka Insurance Institute. Insurers and Brokers are expected to have a clearly defined procedure for conducting inquiries relating to Agents of which these good practices should be an integral part.

1. Policy in relation to Agents

- a) Be an equal opportunity Principal.
- b) Be a fair and reasonable Principal.
- c) Be transparent in all Agent related transactions.
- d) Ensure that all grievances are addressed fairly & speedily regardless of the nature of the alleged wrongful act.

2. Procedure on conducting inquiries

- a) Anonymous complaints will not be inquired in to. Only complaints received in writing and having the name and contact details of the complainant will be dealt with after having verified the identity of the complainant.
- b) All complaints received will be date stamped for record. Such complaints will be brought to the notice of the Principal Officer or an Authorized Officer nominated by the Principal Officer of the respective company immediately upon receipt.
- c) A complaint will be acknowledged by the Company in writing within seven (7) working days of receipt.
- d) The Principal Officer/Authorized Officer shall appoint an Officer to inquire in to complaints/wrongful acts regarding Agents.
- e) The Agent will be granted fourteen (14) days of notice to submit his/her written explanations on the complaint/wrongful act.
- f) Temporarily withdrawal of the code of an Agent in the interim is entirely at the discretion of the Management of the Company.
- g) Complaints/wrongful acts should be inquired into fairly and concluded with the least possible delay, in any event within three (3) months of receipt of the complaint.
- h) The statements of relevant persons/witnesses and proceedings will be recorded in writing or electronically. The records of the proceedings will be maintained along with the Agent's file for further reference.
- i) After receipt of Agent's explanations mentioned in (e) above, the Agent concerned will be notified by registered post to attend the proceedings and to defend him/herself if necessary in a language of his/her choice. A minimum notice period of seven (7) working days will be given.

¹ Wrongful acts: (a) Mis-selling; (b) Mis-Conduct; (c) Misleading/Mis-representation; (d) Misappropriation.

- j) At the conclusion of the inquiry, the Inquiring Officer shall forward his/her opinion/report to the Principal Officer/Authorized Officer, based on the findings of the inquiry as to whether the Agent is guilty or not.
- k) The Agent should be notified in writing immediately (in any event, within 14 days of the opinion/report of the Inquiring Officer), by registered post, of the decision of the Company based on the opinion/report of the Inquiring Officer.
- l) If the agency is to be repudiated, the letter informing such repudiation will also notify the Agent of the right to appeal within fourteen (14) days of receipt of such letter, if he/she disagrees with the decision of the Company. The right to appeal will be given to any other decision of the Company arising out of the inquiry (other than repudiation of agency) affecting the Agent concerned. The letter will also specify the name, the designation, address and telephone number of the officer of the company to whom the appeal can be made.
- m) In the event that there is no response within fourteen (14) days of receipt of the letter conveying the decision, the Company can refuse to entertain a request for review of its decision.

The above procedure will *mutatis mutandis* be followed for inquiries held without a complaint.

3. Procedure on appeals

- a) The Company will set up an Appeals Committee consisting of three (3) members, at minimum, including persons not below the level of managers, outside the departments who have direct contact with Agents. The Appeals Committee shall also be independent of the officers involved in conducting the initial inquiry.
- b) All material related to the Agent's personal data and performance and any other material available with the Company in relation to the reason(s) for its decision will be made available to the Appeals Committee.
- c) The Agent will be communicated in writing by registered post of the hearing of the appeal. A minimum notice period of seven (7) working days will be given.
- d) Based on the findings, after the hearing, the final decision of the Appeals Committee/Company will be communicated to the Agent in writing, within seven (7) days from the date of the final report.

Effective from: 1st October 2016