

## CODE OF CONDUCT

- 1) . This code of conduct shall apply to all Members of the Sri Lanka Insurance Brokers' Association and their employees.
  
- 2)   a)   The Code shall serve as a guide to member and their employees, and other persons concerned with their conduct, but the mention or lack of mention in it of a particular act or omission shall not be taken as conclusive of any question of professional conduct.
  
- b)   In the opinion of the Association, the objective of the Code is to assist in establishing a recognised standard of professional conduct required of the members, who should, in the interest of the public and in the performance of their duties, bear in mind both this objective and the underlying spirit of this Code.
  
- c)   Matters which might relate to acts or omissions amounting to negligence will be dealt with if necessary, by the Courts or Governmental Authorities but the Association acknowledges that gross negligence, or repeated cases of negligence may amount to unprofessional conduct.
  
- 3)   The following are, in the opinion of the Association, the acts and omissions which, if done or made by Corporate members or their employees constitute unprofessional conduct; namely any acts of omissions that breach the fundamental principles governing the professional conduct of insurance brokers set out in paragraph 4 below.
  
- 4)   The principles mentioned in paragraph 3 above are as follows;
  - 1    It shall be an overriding obligation of the broker at all times to conduct business with the utmost good faith and integrity.
  - 2    Insurance brokers shall do everything possible to satisfy the insurance requirements of their clients and shall place the interests of those clients before all other considerations. Subject to these requirements and interests, insurance brokers shall have proper regard for others.

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- 3 In the conduct of their business insurance brokers shall provide advice objectively and independently.
- 4 Insurance brokers shall only use or permit the use of description 'insurance broker' in connection with a business provided that business is carried on in accordance with the requirements of relevant acts.
- 5 Insurance brokers shall ensure that all work carried out in connection with their insurance broking business shall be under the control and day-to-day supervision of principal officers and they shall do every thing possible to ensure that their employees are made aware of this Code.
- 6 Insurance Brokers shall on request from the client explain the differences in, and the relative costs of, the principal types of insurance which in the opinion of the insurance broker might suit a client's needs.
- 7 Insurance Brokers shall ensure the use of a sufficient number of insurers to satisfy the insurance requirements of their clients.
- 8 Although the choice of an insurer can only be a matter of judgement, insurance brokers shall use their skill objectively in the best interest of their clients.
- 9 Insurance Brokers shall not withhold from the policy holder any written evidence or documentation relating to the contract of insurance without adequate and justifiable reasons being disclosed in writing and without delay to the policy holder. If an insurance brokers withholds a document from a policy holder by way of a lien for monies due from the policy holder he shall provide the reason in the manner required above.
- 10 Insurance brokers shall inform a client of the name of all insurers with whom a contract of insurance is placed. This information shall be given at the inception of the contract and any changes thereafter shall be advised at the earliest opportunity to the client.
11. Insurance brokers shall have proper regard for the wishes of a policyholder or client who seeks to terminate any agreement with them to carry out business.

- 12 Any information acquired by an insurance broker from his client shall not be used or disclosed except in the normal course of negotiating, maintaining, or renewing a contract of insurance for that client or unless the consent of the client has been obtained or the information is required by a court of competent jurisdiction.
- 13 In completion of the proposal form, claim form, or any other material document, insurance brokers shall make it clear that all the answers or statements are the client's own responsibility. The client should always be asked to check the details and told that the inclusion of incorrect information may result in a claim being repudiated.
- 14 Individual advertising of their services by members is allowed subject to the following limitations and requirements :-
- a) there shall be no mention of premium costs except in specialised classes of insurances.
  - b) there shall be no mention made of any matter which is likely to be construed as being critical of any fellow members.
  - c) there shall be no mention made of specific policy conditions except in specialised classes of insurances.
  - d) advertisements made by a member shall not be restricted to the policies of one insurer.
  - e) advertisements must disclose the identity of the member.
- 15 The broker shall
- a) . Keep a proper account of all financial transaction with a prospective policy holder which involve the transmission of money in respect of insurance ;

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- b) acknowledge receipt (which unless the intermediary has been otherwise authorise by the office shall be on his own behalf) of all money received in connection with an insurance policy and shall distinguish the premium from any other payment included in the money ;
  - c) forward without delay any money received from transactions.
- 16 A member may not publicly criticise a fellow member, and should conduct his business so as to avoid controversies with his fellow members.
- 17 Members must, at all times, adhere to the Sri Lankan Insurance Act and any other requirements laid down by the Insurance Board of Sri Lanka or any other relevant authority.
- 18 Members shall, upon request disclose to clients the amount of commission paid by the insurer under any relevant policies of insurance and shall refrain from "grossing up" rates.
- 5). Any complaints made against a member under any of the matters in this Code of Conduct shall be forthwith investigated by the Council of the Association. When conducting an investigation, the Council shall have the power to call the members concerned, or their employees, to give evidence and shall be entitled to demand production of whatever written evidence or documentation that may be required to determine whether or not a breach of this Code has been committed.

## MEMBERSHIP REQUIREMENT

" Members of the Association shall be Insurance Brokers who have satisfied the Council of the Association as to their professional competence and "

- 1) Whose Chief Executive Officer or Senior Officer must:-
  - a) have at least 15 years of handling general insurance business at managerial level of which 3 years must be immediately preceding their application for admission as a broker.
  - b) be holders of ACII/FCII diplomas or equivalent qualification with at least 5 years handling general insurance business at managerial level of which 2 years must be immediately preceding their application for admission as a broker.
- 2) Maintain adequate Professional Indemnity coverage in the form of a valid Cover Note issued by their insurers or placing brokers.
- 3) Provide a Certificate of Solvency from their Auditors pertaining to the close of their last financial year.
- 4) All Broking Staff of member companies must have the following minimum qualifications :-
  - a) have at least 15 years of handling general insurance business of which two years must be immediately preceding their appointment; or
  - b) be holders of ACII/FCII diplomas or equivalent qualifications approved by the Association.

Sub-Brokers and/or persons acting for members who provide technical advice on insurance matters are required to have the above stated qualifications. Otherwise they will not be allowed to act for the members concerned.

- 5) All members must observe the Association's Code of Conduct.
- 6) An Insurance Broking Premium Account must be implemented and maintained at all times as per accounting statements stipulated by the SLIBA.
- 7) The minimum paid up capital of the member must be Rs. 250,000/-.