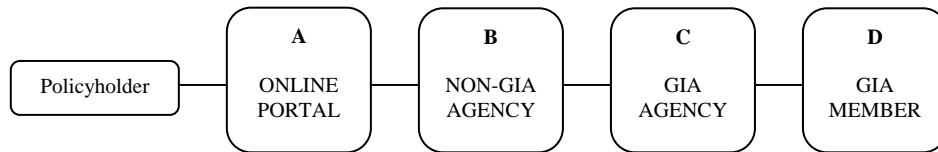


CASE STUDY ON SUB-AGENCY PRACTICE

1. Objective

We highlight below a recent incident on sub-agency practice involving an online motor insurance portal, a GIA member company and a GIA registered corporate agency.

2. Sales Process Flow



Sequence of Events

- Login & key in personal particulars into Portal.
- Obtain quotes from insurance providers.
- B contacts C for final quote with particulars of vehicle to be issued.
- C accepts referral from B.
- B obtains final quote from C & submit to A.
- View & confirm plan.
- Sign form & pay premium.
- Collect form & premium & submit to B.
- Collect form & premium & submit to C.
- Collect premium for insurer.
- Print certificate & policy to B for despatch to policyholder.
- Accept premium.

The above action shows that C appointed B as a sub-agent in the collection of the signed proposal form and the premium payment from the policyholder.

3. Breach in GIARR

In respect of GIARR Section 12(iii) of the Regulations;

“An Agent shall not allow any person to act as the Agent’s nominee or representative or in any capacity to solicit any general insurance business or to carry out any general insurance selling or advisory activities for and on behalf of the Agent unless the person is registered with the Board pursuant to the mandatory requirements of MAS Notice. 211, as the Agent’s Nominee Agent.”

4. Actions Taken

- 4.1 The GIA member company had issued a stern warning to C that the practice of using a sub-agent to distribute any part of its business is unacceptable.
- 4.2 The ARB had also issued a warning letter to C to reiterate that any future breach in the above provisions of the GIARR will result in suspension or termination of the registration with the Board.