

The Insurance Commission of The Bahamas

The Role of the Principal Representative

April 2011

1. Principal Representative

While all companies are required to appoint a Principal Representative ("PR") who resides in The Bahamas, the role and responsibilities of this individual as it relates to branches will be more rigorous to address the unique nature of the branch structure. The PR is an approved function and must meet the following minimum criteria.

- The principal representative should meet the test of fitness and propriety as prescribed by The Insurance Commission of The Bahamas ("ICB") for all approved functions.
- The principal representative should have experience in the class of insurance for which the insured is registered to carry out.
- The principal representative should be qualified to carry out his/her role and responsibilities.

Roles and responsibilities

- i. ICB looks to the PR to oversee the management of the branch, including matters of a corporate governance nature that relates to the branch.
- ii. The PR may outsource some of his/ her responsibilities to the home office, another entity within the group, or a third party. However, ICB expects that the PR will retain his or her overall accountability for the operations of the branch, regardless of who conducts the various functions. Thus ICB expects the PR to:
 - a. Ensure that the branch has clearly articulated business objectives, strategies and that these are available for ICB review.
 - b. Ensure that appropriate policies and procedures (i.e. control systems) are in place to manage the risks, regardless of where the controls may reside. This includes policies and procedures to manage the assets and liabilities of the branch.
 - c. Understand and adequately monitor the business of the branch. The PR should get sufficiently comprehensive and frequent reports to carry out this function.
 - d. Ensure that the branch is in compliance with the applicable legislation and regulations, and is conducting its business and affairs in a manner consistent with applicable ICB guidelines.
 - e. Undertake or obtain, periodically, an independent assessment of the adequacy and effectiveness of the branch control systems and ensure that deficiencies are corrected.
 - f. Ensure adequate branch records are maintained in The Bahamas and that these are available for ICB review.
 - g. Advise the ICB of significant changes to the branch operations.

- iii. The PR should be one of the required signatures on the branch's bank and trust accounts. Where the PR is not a required signatory the account will be considered a head office account and will not be allowed for solvency purposes.
- iv. All policies written by the branch must be signed or counter signed by the PR or his/her formally appointed designate(s) who is a Bahamian resident.