

CODE OF PRACTICE FOR CONDUCT OF INSURANCE BUSINESS

CODE OF PRACTICE

1. Integrity

Insurers and intermediaries should at all time act honestly in a straight forward manner. They have an obligation to avoid misleading or deceptive acts or representations. They should not seek to exclude or restrict any duty or liability to a customer which they have under a law or regulation and/or accepted practices.

2. Skill, Care and diligence

In conducting their business activities, insurers and intermediaries should act with due skill, care and diligence. The service provider has a duty to act competently and diligently with regard to all transactions between itself and the customer. The concept of 'care' implies that insurers and intermediaries should discharge those duties as can be reasonably expected from a prudent person in a like position and under similar circumstances. It also includes arranging adequate protection for customers' assets when responsible for them.

3. Marketing and Promotion

Service providers will ensure that all advertising and promotional material is clear, fair and not misleading and not in contravention of Articles 48 and 49 of the 'Insurance Companies Law'.

Brochure of any insurance product should clearly state the scope of benefits, the extent of insurance cover and in an explicit and understandable manner explain warranties, exceptions, exclusions and conditions of insurance cover. In case of life insurance products, it should be mentioned whether the product is participating (with profits) or non-participating (without profits) and the allowable rider or riders on the product should be clearly spelt out with regard to their scope of benefits and related premium. .

4. Conditions for presenting information

1. Information provided to the customers by the service providers in accordance with this code shall be –
 - a. accurate in all material aspects, not misleading, easily understandable; and
 - b. in writing on paper or by appropriate electronic means available and accessible to the customer.
2. If, the initial information is presented verbally or on telephone, supporting written information should be provided as per sub-para 1 above; and
3. as an exception to para 1 above, information may be provided verbally without supporting written information where the customer requests it, or where immediate cover is necessary.

5. Initial customer information about service

At the initial point of contact an insurance service provider shall advise the customer of the nature of service it can offer and its relationship with customer including:

- a) the types of services that can be provided;
- b) the choice of products and services that can be offered;
- c) whether the service provider acts on behalf of an insurer or acts independently on behalf of the customer in arranging insurance; and
- d) whether the service provider acts as an agent of another intermediary or agent.

6. Information about customers' needs

Insurers and intermediaries should identify customers' insurance needs by seeking from the customers such information about his circumstances and objectives as might be reasonably expected to be necessary and relevant in establishing the insurance needs before giving advice in regard to insurance product and services or concluding an insurance contract.

Customers should be informed about their duty to disclose relevant information.

Information, which a customer expects to be confidential, should be treated as such.

7. Advice and recommendations

The advice provided by the service providers to customers shall:

- a) be based on a fair and sufficient assessment of customers' needs;
- b) be appropriate to customers' needs;
- c) include an explanation as to how the identified product suits the customers' identified need; and
- d) include explanation of the differences in and relative costs in the alternate options, where more than one product is identified and recommended.

8. Customer information before entering into contract

1. Before a customer makes final decision to buy an insurance policy, service provider shall provide to the customer sufficient information on the salient features of the policy being proposed to enable the customer to make an informed purchasing decision, including:

For life insurance products

- a) important details of each benefit and option;
For example, there should be ample explanation on the object and purpose of a **Term, Endowment or Whole of Life Policy** so that each policy may be thoroughly understood.
- b) the terms of the contract and means by which it may be terminated;
- c) the premium and method of paying premium and duration of payment and insurance cover; any fee or charges other than insurance premium;
- d) the method of calculating bonuses and distribution of bonuses;
For example, there should be sufficient explanation as to the different types of bonuses (i.e. Reversionary or Terminal) which an insurer includes in a quotation and the difference between such bonuses.
The "method of calculating bonus" should not be interpreted to refer to the actuarial techniques in determining bonus rates but to the manner in which bonuses are calculated i.e. whether on daily or annual basis, whether expressed as a percentage of premium or the sum assured plus accruing bonuses, or as a percentage of accruing reversionary bonuses only.
- e) an indication of surrender and paid up values and the extent to which such values are guaranteed;
- f) an indication of the premium for each benefit, whether main or supplementary benefit (rider) and, where applicable, the amount and purpose of any charge in addition to or included in the premium;
- g) any significant or unusual restrictions or exclusions, conditions or obligations attaching to customer;
- h) information relating to the past performance:
 - i. must contain clearly the basis on which such performance is measured or,
 - ii. it should be accompanied by a warning that the past performance is not necessarily a guide to future performance; and

- i) customers' duty of disclosure to insurer.

For General Insurance Products

- i) all the important details of policy and benefits;
- j) details of warranties, exceptions, exclusions, restrictions, excess or franchise and obligations attaching to the customer in an understandable manner;
- k) the period of insurance policy;
- l) insurance premium and any other fee and charges;
- m) cancellation rights and conditions; and
- n) customers' duty of disclosure to insurers.

2. An intermediary shall disclose to the customer, the identity of the insurer with whom it is arranging insurance policy.

3. An intermediary acting on behalf of a customer in arranging his insurance policy, will on request of customer, disclose the amount of commission or any other remuneration received or receivable for arranging the insurance.

9. Confirmation of cover and policy documentation

On conclusion of contracts, service providers will provide a customer with prompt and written confirmation and details of insurance which has been affected, including:

- a) the date when cover starts and the period of cover;
- b) any documents / certificate which customer is required to have by law;
- c) receipt of premiums received, where applicable;
- d) full policy documentation;
- e) details of how the policyholder can make a claim and his responsibilities in making claim;
- f) procedure for handling policyholders' complaints; and
- g) Phone number/GSM number for contact in case the policyholder needs help.

The information required by e), f) and g) shall be enclosed/attached with the policy document.

10. Service after point of sale

Service provider shall at all time respond to a customers' requests for amendment to his insurance policy and for information about the status of his policy in a timely manner.

In particular, insurance companies will:

1. provide written confirmation of:
 - a. change of address;
 - b. a new nomination or change of nomination noting;
 - c. noting assignment on the policy;
 - d. noting a change of interest or sum insured or perils insured or, financial interest of a bank or other interests by issuing an endorsement on the policy;
 - e. current status of a life policy, including matters such as accrued bonus, surrender value and entitlement of a loan;
2. provide full details of any additional premium or charges to be paid by the customer arising out of any levy/tax imposed by the government;
3. inform the insured at least once in every calendar year status of his life insurance policy, amount of any bonus or total value of benefits which have accrued under the contract and any benefit or

- payment which has become due under the policy ;
- 4.. refund of any premium or charges due to the customer without avoidable delay; and
 - 5.. process papers for disbursal of a loan on security of a life policy without delay

11. Renewal, expiry and cancellation

- a) Service providers will send renewal notices to their customers sufficiently before expiry of the policies mentioning details of renewal premium and renewal terms. If, any changes in the contract and/or services are proposed, the same shall be explained and customers' agreement obtained to revised terms and conditions before renewing the contract;
- b) On expiry or cancellation of an insurance policy, at the request of customers, the insurer will make available any documentation and information to which customer is entitled, in a timely manner.

12. Claims

An insurance company will:

- a) promptly respond when a claim is notified by or on behalf of a customer, and provide customer with the information about how the claim will be handled and any other actions required of the customer including documents required to be submitted in support of the claim;
- b) provide reasonable guidance to the customer in pursuing the claim;
- c) process the claims fairly and promptly and keep customers informed of the progress. Any queries or requirements of additional documents, shall be raised, as far as possible all at one time and not in a piecemeal manner ;
- d) settle the claim without avoidable delay on receipt of all information and documents and forward settlement of claim without delay once settlement has been agreed; and
- e) inform the customer in writing as to how the settlement amount has been arrived at, the reasons for offering reduced settlement against the amount claimed and reasons for not admitting any part of the claim; and inform the policyholder in writing with reasons and explanations if the insurer is unable to accept the liability for the claim or any part of the claim.

13 .Customers' complaints

Service providers shall have in place proper procedures and effective mechanism to deal with the complaints and grievances of customers effectively and with speed within specified time limit.

- a) Each service provider will nominate an officer, who will be responsible for receiving the complaints from the customers verbally or in writing, giving an acknowledgement to the customer and recording the complaint in a register maintained for this purpose;
- b) Service provider will display the name and telephone number of the nominated officer and procedure for lodging the complaints in a prominent place in their office ;
- c) The nominated officer will advise the customer the procedure for handling the complaint and any action required of the customer;
- d) The nominated officer shall forward the complaint to the head of the concerned

- department and follow-up the disposal of the complaint and record the date of disposal in the register;
- e) The complaint should be reviewed by an officer superior to the one who has taken the decision or dealt with the matter earlier, and also by the CEO depending upon the nature of the complaint;
 - f) All complaints should be handled fairly and promptly keeping customers informed of the progress, if there is unavoidable delay in giving final response;
 - g) In the final response to the customer's complaints, service providers will
 - 1. accept or (partially accept) the complaint and offer compensation or other form of redress; or
 - 2. reject (or partially reject) the complaint, in which case a full explanation of the reason for rejection will be given to the customer in writing ;
 - h) The CEO / G.M. shall at least once in a month monitor the complaints received from the customers and their timely disposal; and
 - I) In every meeting of the board of directors of an insurance company, there shall be an agenda item for reviewing customer complaints and their disposal.

14. Conflict of interest

Service providers shall avoid conflict of interest, or, if conflicts are unavoidable, will explain the position fully and manage the situation so as to avoid prejudice to any party. In particular, service providers which act on behalf of customers will not put their own interest above their duty to any customer for whom they act.

15 .Confidentiality and security of customers' assets

Service providers shall ensure that any information obtained from the customers will not be used or disclosed except in the normal course of negotiating, maintaining or renewing insurance for that customer, unless

- a) they have customer's express consent; or
- b) disclosure is made due to regulatory obligations;
- c) disclosure is required as per the law.

Service providers will take appropriate steps to ensure the security of any money, documents and other assets handled or held on behalf of customers.

Definitions

In this circular, the terms used have the same meaning as in the Insurance Companies Law and its Regulations. However, the following terms have the meaning as stated hereunder:

1. **Customer** – means a policyholder as defined in the article 62 of the ‘Insurance Companies Law’ and also potential policyholder who is recipient of advice or other services for purchase of an insurance product.
2. **Insurer/Insurance company** - means an insurance company licensed to operate in Oman as defined in the article 62 of the ‘Insurance Companies Law’.
3. **Intermediaries** – refers to--
 - a) an insurance broker licensed to do insurance broking business in the Sultanate of Oman as per Ministerial Decision No.101/90.
 - b) an agent or sub-agent as defined in the article 50(1) of the ‘Insurance Companies Law’, carrying out insurance activity on behalf of an insurance company under a written agreement with the company. Insurers are responsible for the compliance of all agents, sub-agents, representatives and outsourced service providers carrying out insurance activities on behalf of insurers. Written agreements must be put in place between insurers and such third parties which must specify the way in which insurers will ensure compliance with this code, to the extent applicable to such persons.
4. **Service provider** – refers to an insurer and/or an intermediary read in the context of its service.