



CENTRAL BANK of SOLOMON ISLANDS  
P.O. BOX 634, Honiara, Solomon Islands

---

Press Release: 14/2019

Thursday 12<sup>th</sup> November 2019

## **CBSI directives on Market Conduct in insurance sector**

**Honiara, Solomon Islands** - The Office of the Controller of Insurance (COI) has released for implementation two new directives. The directives cover two specific areas and these are Market Conduct of Insurance Brokers and Reinsurance Management Strategy for Insurance Companies, which are applicable to all Insurance Brokers and Insurance Companies licensed by COI.

COI released these directives as part of a bundle of measures aimed at ensuring the principles and practices of sound market conducts and sound reinsurance management practices are observed by all registered insurance brokers and companies. This is in order to mitigate risks associated with the market conduct of insurance brokers on policyholders, as well as, risks associated with the reinsurance management strategy of insurance companies.

CBSI will take appropriate actions on major concern deemed material risk to financial system stability.

The two (2) new directives particularly issued are:

1. COI Directive No. 2 on Market Conduct of Insurance Brokers: this directive provides the minimum standard on market conduct of insurance brokers that all licensed insurance brokers in Solomon Islands must have in place.
2. COI Directive No. 3 on Reinsurance Management Strategy for Insurance Companies: this directive provides the minimum standard on reinsurance management strategy of insurance companies that are licensed by the Controller of Insurance (COI).

The development of the directives comes as a result of prudential assessments undertaken by Controller of Insurance through Financial System Regulation Department (FSRD). Specifically, COI is concerned about the market conduct of insurance brokers and reinsurance management of insurers that, if not addressed now, has potential to translate into colossal risk and undermine confidence in the insurance market.

The release of these directives is one example of COI and CBSI's ongoing effort to ensure Insurance brokers and companies have in place effective risk management system with regards to market conduct and reinsurance risk management framework. These are essential to maintain a stable financial system in Solomon Islands.

The COI Directive on Market Conduct of Insurance Brokers is effective as of December 1, 2019, while the COI Directive on Reinsurance Management Strategy for Insurance Companies will become effective on January 1, 2020.

**Ends//**

For more information, please contact: **Central Bank of Solomon Islands | P.O. BOX 634 | Honiara | Ph.: (677) 21791 | Email: [info@cbsi.com.sb](mailto:info@cbsi.com.sb) | Website: [www.cbsi.com.sb](http://www.cbsi.com.sb)**