

FROM: Director, Worldwide Markets
LOCATION: G12
EXTENSION: 5998
DATE: 3 April 2003
REFERENCE: Y3026
SUBJECT: PAPUA NEW GUINEA: INSURANCE ACT 1995,
SECTIONS 30 AND 31
SUBJECT AREA(S): Section 30: Form of Documents, Policies, Brochures,
etc
Section 31: Issuance of Policies and Renewals
ATTACHMENTS:
ACTION POINTS: **Managing Agents, Underwriters and Brokers to note
documentation requirements in Papua New Guinea**
DEADLINE: **With immediate effect**

The purpose of this Bulletin is to remind the market of their obligations under Section 30 and Section 31 of the Papua New Guinea Insurance Act 1995.

Section 30 of the Insurance Act 1995 states that the Insurance Commissioner may inspect and review a licensed insurer's proposal forms, policies, brochures, advertisements, promotional materials and other documents in relation to the conduct of general insurance business. Where any of these documents contain information considered likely to mislead or not to be in the best interests of existing or potential policyholders or where it fails to comply with any provisions of this Act, the Insurance Commissioner may issue a written directive to the licensed insurer requiring either cancellation or variation of the relevant material.

Underwriters, or their local intermediaries, should ensure that where **new** products are offered in the PNG insurance market that these policies, and associated documentation, are cleared by the Insurance Commissioner prior to release. The agreed process for the Insurance Commissioner's consideration of these new products is a 30-day timeframe. However, the Insurance Commissioner still reserves the right to request a licensed insurer to produce any documentation, as it deems necessary, from time to time.

Section 31 of the Insurance Act 1995 states that a licensed insurer, either itself or through its agent or broker, is responsible for ensuring that a policy document is issued to the insured within 30 days of the inception of the risk. This requirement also applies to policy renewals where the renewal certificate issued must confirm the period for which the insurance contract has been renewed. Where any terms or conditions or provisions of the contract have been varied, the variation shall be defined as an endorsement to the policy and the copy of that endorsement shall be attached to and form part of the renewal certificate.

The Insurance Commissioner has agreed that underwriters, or their local intermediaries, should ensure that they convey to the insured the terms and conditions of the contract within the 30-day period, with the policy document itself being issued shortly after.

If you have any queries about the above please contact any of the following:

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We have sent this bulletin to active underwriters and the compliance officers of Lloyd's brokers and managing agents and for information to market associations.

Julian James
Director
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