# ICP 19 Conduct of Business– Section II – Intermediaries

This ICP questionnaire is based on ICP 19 version 2017.

**Introduction**

The questions pertaining to ICP 19 are divided into two questionnaires I) insurers and II) intermediaries. If your authority is responsible for supervising insurers as well as intermediaries, please complete both questionnaires. If another authority is responsible for supervising intermediaries, please enter and submit responses on their behalf. For this assessment, it is important that if there are multiple authorities responsible for market conduct supervision, there is a single jurisdiction response.

For each question, choose the response that most closely corresponds to the situation in YOUR JURISDICTION and YOUR AUTHORITY. Some questions ask about the actual experience in YOUR JURISDICTION during the last three years. Please respond based on your best estimate of what the actual experience has been.

In this survey (as in the ICPs), the term “legislation” is used to include both primary legislation (which generally requires full legislative consent) and secondary and other forms of legislation, including rules and regulations which have the legal force of law but are usually the responsibility of the supervisor.

It is recommended that you prepare all answers to this questionnaire in advance and obtain approval in your supervisory authority before entering the results in the ICP Self-Assessment Tool (SAT) via [www.icp-selfassessment.org](http://www.icp-selfassessment.org).

Please note that in contrast to other ICP assessment processes the ICP SAT only takes into account your answers to multiple choice questions without any qualitative review. Therefore, the results are only high level and non-binding.

**19 The supervisor requires that insurers and intermediaries, in their conduct of insurance business, treat customers fairly, both before a contract is entered into and through to the point at which all obligations under a contract have been satisfied.**

**Section II**

The following questions apply to the supervision of **intermediaries:**

**19.1 The supervisor requires insurers and intermediaries to act with due skill, care and diligence when dealing with customers.**

1. Does YOUR JURISDICTION require intermediaries, in their conduct of insurance business, to act with due skill, card and diligence when dealing with customers?

|  | 1. Yes | 2. No |
| --- | --- | --- |
| a. Requirements apply before a contract is entered into |  |  |
| b. Requirement apply through to the point at which all obligations under a contract have been satisfied |  |  |

1. Does YOUR JURISDICTION require intermediaries to act with due skill, care and diligence when dealing with customers?
2. Yes, and this is found in legislation.
3. Yes, and this expectation is found in published supervisory guidelines.
4. This is not required in legislation or published supervisory guidelines, but supervisors advise when expectations are not being met.
5. There is no such requirement or expectation.
6. During the last three years, has YOUR AUTHORITY taken action to resolve supervisory concerns regarding the requirements of an intermediary to act with due skill, care and diligence when dealing with customers?
7. Yes, all or almost all concerns were resolved.
8. Yes, a majority of concerns were resolved.
9. Yes, but a majority of concerns were not resolved.
10. This question is not applicable, because no such concerns were identified during the last three years.

**19.2 The supervisor requires insurers and intermediaries to establish and implement policies and procedures on the fair treatment of customers, as an integral part of their business culture.**

1. Does YOUR JURISDICTION require intermediaries to establish and implement policies and procedures on the fair treatment of customers, as an integral part of their business culture?
2. Yes, and this is found in legislation.
3. Yes, and this expectation is found in published supervisory guidelines.
4. This is not required in legislation or published supervisory guidelines, but supervisors advise when expectations are not being met.
5. There is no such requirement or expectation.
6. How does YOUR JURISDICTION review whether the fair treatment of customers is an integral part of an intermediary’s business culture? (more than one option in each row can be selected)

|  | 1. At Licensing stage | 2. Through on-site inspections, including inspections of the insurer | 3. Through periodic reporting, at least annually, including reporting of the insurer | 4. Through off-site monitoring, including monitoring of the insurer | 5. Targeted reviews when complaint or concern arises, including reviews of the insurer | 6. Not  Reviewed |
| --- | --- | --- | --- | --- | --- | --- |
| a. Ensure the intermediary has established and implemented policies and procedures regarding the fair treatment of customers |  |  |  |  |  |  |
| b. Ensure the fair treatment of customers is part of the intermediary’s business strategy and product distribution |  |  |  |  |  |  |
| c. Ensure the overall responsibility for the fair treatment of customers is at the level of the Board and Senior Management |  |  |  |  |  |  |
| d. Ensure decisions that have an impact on customers are subject to particular scrutiny |  |  |  |  |  |  |
| e. Ensure that internal controls exist that enable the identification, collection and evaluation of management information and generation of management reports that support the monitoring and measuring of an intermediary’s performance with respect to fair treatment of customers |  |  |  |  |  |  |
| f. Ensure that as part of an intermediary’s recruitment process and ongoing performance management, staff and agents are measured against high standards of ethics and integrity |  |  |  |  |  |  |
| g. Ensure remuneration and reward policies take account of the fair treatment of customers, including actual or potential conflicts of interest that may lead to poor customer outcomes |  |  |  |  |  |  |

1. During the last three years, has YOUR AUTHORITY taken action to resolve supervisory concerns regarding the establishment and/or implementation of an intermediary’s policies and procedures on the fair treatment of customers?
2. Yes, all or almost all concerns were resolved.
3. Yes, a majority of concerns were resolved.
4. Yes, but a majority of concerns were not resolved.
5. This question is not applicable, because no such concerns were identified during the last three years.

**19.3 The supervisor requires insurers and intermediaries to avoid or properly manage any potential conflicts of interest.**

1. Does YOUR JURISDICTION require intermediaries to avoid or properly manage any potential conflicts of interest?
2. Yes, and this requirement is found in legislation.
3. Yes, and this expectation is found in published supervisory guidelines.
4. This is not required in legislation or published supervisory guidelines, but supervisors advise when expectations are not being met.
5. There is no such requirement or expectation.
6. How does YOUR JURISDICTION review the performance of intermediaries in avoiding or properly managing any potential conflicts of interest?

|  | 1. Yes | 2. No |
| --- | --- | --- |
| a. At licensing stage |  |  |
| b. Through on-site inspections, including inspections of the insurer |  |  |
| c. Through periodic reporting, at least annually, including reporting of the insurer |  |  |
| d. Through off-site monitoring, including monitoring of the insurer |  |  |
| e. Targeted reviews when complaint or concern arises, including reviews of the insurer |  |  |

1. During the last three years, has YOUR JURISDICTION taken action to resolve supervisory concerns regarding the requirements of an intermediary to manage conflicts of interest in a satisfactory manner?
2. Yes, all or almost all concerns were resolved.
3. Yes, a majority of concerns were resolved.
4. Yes, but a majority of concerns were not resolved.
5. This question is not applicable, because no such concerns were identified during the last three years.

**19.4 The supervisor requires insurers and intermediaries to have arrangements in place in dealing with each other to ensure the fair treatment of customers.**

1. Does YOUR JURISDICTION require intermediaries to have arrangements in place with insurers in dealing with each other to ensure the fair treatment of customers?
   1. Yes.
   2. No.
2. To what extent does YOUR JURISDICTION assess whether intermediaries have required arrangements in place with insurers in dealing with each other to ensure the fair treatment of customers?
   1. Whether arrangements are in place requiring insurers to conduct business only with intermediaries that are licensed[[1]](#footnote-1), with verification that the intermediaries under such arrangements have the appropriate knowledge and ability with which to conduct such business.
   2. Whether arrangements are in place requiring insurers to conduct business only with intermediaries that are licensed, though there is no requirement to verify that the intermediaries under such arrangements have the appropriate knowledge and ability with which to conduct such business.
   3. Whether arrangements are in place, though they do not require insurers to conduct business only with intermediaries that are licensed.
   4. There are no arrangements in place that require insurers to conduct business only with intermediaries that are licensed.
3. During the last three years, has YOUR AUTHORITY taken action to resolve supervisory concerns regarding an intermediary’s arrangements with insurers to ensure the fair treatment of customers?
4. Yes, all or almost all concerns were resolved.
5. Yes, a majority of concerns were resolved.
6. Yes, but a majority of concerns were not resolved.
7. This question is not applicable, because no such concerns were identified during the last three years.

**19.5 The supervisor requires insurers to take into account the interests of different types of consumers when developing and distributing insurance products.**

1. If YOUR JURISDICTION uses a principles-based approach, does the supervisor have the following expectations in requiring intermediaries to take into account the interests of different types of consumers when developing and distributing insurance products?

|  | 1. Yes | 2. No | 3. Not applicable |
| --- | --- | --- | --- |
| a. Development of products and distribution strategies should include the use of adequate information to assess the needs of different consumer groups |  |  |  |
| b. Product development should provide for a thorough assessment of the main characteristics of a new product and of the related disclosure documents by every appropriate department of the insurer |  |  |  |
| c. The intermediary should provide information to the insurer on the types of customers to whom the product is sold and whether the product meets the needs of the target market |  |  |  |

**19.6 The supervisor requires insurers and intermediaries to promote products and services in a manner that is clear, fair and not misleading.**

1. Does YOUR JURISDICTION require intermediaries to promote products and services in a manner that is clear, fair and not misleading?
2. Yes.
3. No.
4. In order to ensure that products and services are promoted in a manner that is clear, fair and not misleading, does YOUR JURISDICTION encourage an intermediary’s product promotion materials prepared by the intermediary provided to customers to:

|  | 1. Found in legislation | 2. Found in published supervisory guidelines | 3. There is no requirement in legislation or expectation in published supervisory guidelines, but supervisors advise when expectations are not being met | 4. There is no such requirement or expectation |
| --- | --- | --- | --- | --- |
| a. Be easily understandable |  |  |  |  |
| b. Accurately identify the product provider |  |  |  |  |
| c. Be consistent with the coverage offered |  |  |  |  |
| d. Be consistent with the result reasonably expected to be achieved by the customers of that product |  |  |  |  |
| e. State prominently the basis for any claimed benefits and any significant limitations |  |  |  |  |
| f. Not hide, diminish or obscure important statements or warnings |  |  |  |  |

1. How does YOUR JURISDICTION review the performance of intermediaries in promoting products and services in a manner that is clear, fair and not misleading?

|  | 1. Yes | 2. No | 3. Not applicable |
| --- | --- | --- | --- |
| a. At licensing stage |  |  |  |
| b. Through on-site inspections, including inspections of the insurer |  |  |  |
| c. Through periodic reporting, at least annually, including reporting of the insurer |  |  |  |
| d. Through off-site monitoring, including monitoring of the insurer |  |  |  |
| e. Targeted reviews when complaint or concern arises, including reviews of the insurer |  |  |  |

1. During the last three years, has YOUR AUTHORITY taken action to resolve supervisory concerns regarding unclear, unfair or misleading product promotion by an intermediary?
2. Yes, all or almost all concerns were resolved.
3. Yes, a majority of concerns were resolved.
4. Yes, a majority of concerns were not resolved.
5. This question is not applicable, because no such concerns were identified during the last three years.

**19.7 The supervisor requires insurers and intermediaries to provide timely, clear and adequate pre-contractual and contractual information to customers.**

1. Does YOUR JURISDICTION impose requirements on intermediaries to provide timely, clear and adequate pre-contractual and contractual information to customers?
2. Yes, and this is found in legislation.
3. Yes, and this expectation is found in published supervisory guidelines.
4. This is not required in legislation or published supervisory guidelines, but supervisors advise when expectations are not being met.
5. There is no such requirement or expectation.
6. Does YOUR JURISDICTION encourage intermediaries to provide following?

|  | 1. Yes | 2. No |
| --- | --- | --- |
| a. Ensure that the customer is given appropriate information to enable an informed decision before entering into contract |  |  |
| b. Provide information that is clear, fair, not misleading and whenever possible, uses “plain language” |  |  |
| c. Provide product information in writing or another durable and accessible medium |  |  |
| d. Provide product information in a standardised format |  |  |
| e. Provide enhanced disclosures for complex or bundled products |  |  |
| f. Demonstrate that the customer has received information necessary to understand the product |  |  |
| g. Include information on key product features |  |  |
| h. Include information on customer rights and obligations under an insurance contract |  |  |
| i. Include the name of the insurer, the type of insurance contract and the level of the premium |  |  |
| j. Include prominent and clear information on significant or unusual exclusions or limitations |  |  |

1. Does YOUR JURISDICTION encourage intermediaries to consider the following in providing adequate information to customers?

|  | 1. Yes | 2. No |
| --- | --- | --- |
| a. Knowledge and experience of a typical customer for the policy in question |  |  |
| b. Policy terms and conditions, including its main benefits, exclusions, limitations, conditions and its duration |  |  |
| c. The policy’s overall complexity |  |  |
| d. Whether the policy is brought in connection with other goods and services |  |  |
| e. Disclosure specific to internet sales or sales through other digital means |  |  |

1. How does YOUR JURISDICTION review the performance of intermediaries to provide timely, clear and adequate pre-contractual and contractual information to customers?

|  |  |  |  |
| --- | --- | --- | --- |
|  | 1. Yes | 2. No | 3. Not applicable |
| a. At licensing stage |  |  |  |
| b. Through on-site inspections, including inspections of the insurer |  |  |  |
| c. Through periodic reporting, at least annually, including reporting of the insurer |  |  |  |
| d. Through off-site monitoring, including monitoring of the insurer |  |  |  |
| e. Targeted reviews when complaint or concern arises, including reviews of the insurer |  |  |  |

1. During the last three years, has YOUR AUTHORITY taken action to resolve supervisory concerns regarding the performance of an intermediary to provide timely, clear and adequate pre-contractual and contractual information to customers?
2. Yes, all or almost all concerns were resolved.
3. Yes, a majority of concerns were resolved.
4. Yes, a majority of concerns were not resolved.
5. This question is not applicable, because no such concerns were identified during the last three years.

**19.8 Where customers receive advice before concluding an insurance contract the supervisor requires that the advice provided by insurers and intermediaries takes into account the customer’s disclosed circumstances.**

1. Where customers receive advice from intermediaries before concluding an insurance contract, does YOUR JURISDICTION require this advice to take into account the customer’s disclosed circumstances?
2. Yes.
3. No.
4. Where intermediaries provide advice to customer before an insurance contract is concluded, does YOUR JURISDICTION encourage intermediaries to:

|  | 1 Yes | 2. No |
| --- | --- | --- |
| a. Seek information from customers that is appropriate for assessing their insurance demands and needs, before giving advice |  |  |
| b. Obtain customer acknowledgements where customer chooses not to get advice and where advice would normally be expected |  |  |
| c. Explain and document the basis for a recommendation |  |  |
| d. Retain sufficient documentation to demonstrate advice provided was appropriate |  |  |
| e. Review client files of those under their responsibility to control quality of advice |  |  |

1. How does YOUR JURISDICTION review the controls an intermediary has in place to ensure advice is appropriate?

|  | 1. Yes | 2. No | 3. Not applicable |
| --- | --- | --- | --- |
| a. At licensing stage |  |  |  |
| b. Through on-site inspections, including inspections of the insurer |  |  |  |
| c. Through periodic reporting, at least annually, including reporting of the insurer |  |  |  |
| d. Through off-site monitoring, including monitoring of the insurer |  |  |  |
| e. Targeted reviews when complaint or concern arises, including reviews of the insurer |  |  |  |

1. During the last three years, has YOUR AUTHORITY taken action to resolve supervisory concerns regarding advice given to customers by an intermediary?
2. Yes, all or almost all concerns were resolved.
3. Yes, a majority of concerns were resolved.
4. Yes, a majority of concerns were not resolved.
5. This question is not applicable, because no such concerns were identified during the last three years.

**19.11 The supervisor requires insurers and intermediaries to handle complaints in a timely and**

**fair manner.**

1. Does YOUR JURISDICTION require intermediaries to handle complaints in a timely manner?
2. Yes, and this is found in legislation.
3. Yes, and this expectation is found in published supervisory guidelines.
4. This is not required in legislation or published supervisory guidelines, but supervisors advise when expectations are not being met.
5. There is no such requirement or expectation.
6. Does YOUR JURISDICTION require intermediaries to handle complaints in a fair manner?
7. Yes, and this is found in legislation.
8. Yes, and this is found in published supervisory guidelines.
9. This is not required in legislation or published supervisory guidelines, but supervisors advise when expectations are not being met.
10. There is no such requirement or expectation.
11. Does YOUR JURISDICTION require intermediaries to?

|  | 1. Yes | 2. No |
| --- | --- | --- |
| a. Establish policies and procedures to deal with received complaints in a fair manner |  |  |
| b. Keep records and record resolution measures for each complaint received |  |  |
| c. Respond to complaints without unnecessary delay |  |  |
| d. Keep complainants informed about the handling complaint |  |  |
| e. Make information on policies and procedures on complaints handling available to customers |  |  |
| f. Analyse received complaints to identify trends and recurring risks |  |  |
| g. Analyse received complaint in respect of products distributed on behalf of insurers |  |  |

1. How does YOUR JURISDICTION review whether intermediaries handle complaints in a timely and fair manner?

|  |  |  |
| --- | --- | --- |
|  | 1. Yes | 2. No |
| a. At Licensing stage (e.g. internal policies and procedures) |  |  |
| b. Through on-site inspections, including inspections of the insurer |  |  |
| c. Through periodic reporting, at least annually, including reporting of the insurer |  |  |
| d. Through off-site monitoring, including monitoring of the insurer |  |  |
| e. Targeted reviews when complaint or concern arises, including reviews of the insurer |  |  |

1. During the past three years, has YOUR AUTHORITY taken action to resolve supervisory concerns regarding the performance of an intermediary in the handling of complaints?
2. Yes, all or almost all concerns were resolved.
3. Yes, a majority of concerns were resolved.
4. Yes, a majority of concerns were not resolved.
5. This question is not applicable, because no such concerns were identified during the last three years.

**19.12 The supervisor requires insurers and intermediaries to have policies and procedures for the protection and use of information on customers.**

1. Does YOUR JURISDICTION require ~~insurers~~ intermediaries to have policies and procedures for the protection and use of information on customers?
2. Yes.
3. No.
4. Does YOUR JURISDICTION require intermediaries to have policies and procedures in place for the protection and use of information on customers?
5. Yes, and this is found in legislation.
6. Yes, and this is found in published supervisory guidelines.
7. This is not required in legislation or published supervisory guidelines, but supervisors advise when expectations are not being met.
8. There is no such requirement or expectation.
9. Does YOUR JURISDICTION require intermediaries to?

|  |  |  |
| --- | --- | --- |
|  | 1. Yes | 2. No |
| a. Ensure customer information collected and held is not used in a manner that results in unfair treatment |  |  |
| b. Have a clear responsibility to provide their customers with a level of comfort regarding the security of their personal information |  |  |
| c. Ensure that private information is protected in respect of any outsourcing |  |  |

1. How does YOUR JURISDICTION review an intermediary’s policies and procedures for the protection and use of information on customers?

|  |  |  |
| --- | --- | --- |
|  | 1. Yes | 2. No |
| a. Review at licensing stage |  |  |
| b. Through on-site inspection, including inspections of the insurer |  |  |
| c. Through periodic reporting, at least annually, including reporting of the insurer |  |  |
| d. Through off-site monitoring, including monitoring of the insurer |  |  |
| e. Targeted reviews when complaint or concern arises, including reviews of the insurer |  |  |

1. During the last three years, has YOUR AUTHORITY taken action to resolve supervisory concerns regarding the performance of an intermediary in protecting customers’ information?
2. Yes, all or almost all concerns were resolved.
3. Yes, a majority of concerns were resolved.
4. Yes, a majority of concerns were not resolved.
5. This question is not applicable, because no such concerns were identified during the last three years.

*Material provided by the International Association of Insurance Supervisors (IAIS) is reproduced with the kind permission of the IAIS. © International Association of Insurance Supervisors. All rights reserved. Reproduction or translation of this material in unaltered form is authorised provided that: it is not used for private or commercial gain, the IAIS is cited as the source and the copyright holder and any translation into another language than English (the official language for IAIS documents) contains a prominent disclaimer that it is not an official IAIS translation.*

1. Refer to ICP 18.1.1 “In some jurisdictions other terminology such as “authorisation” or “registration”, are

   used in place of “licensing”. [↑](#footnote-ref-1)