

Insurance Europe comments on draft IAIS application paper on approaches to supervising the conduct of intermediaries

IAIS paper paragraph	Insurance Europe comment
Paragraph 24	We would question the usefulness of supervisors banning certain types of online activities where they consider that they do not have enough control over them, as many online activities are accessible across borders without being subject to the direct control of the host country. In the European Union, online providers may benefit from the rules on freedom to provide services in order to operate in member states other than the one in which they are established.
Paragraph 35	We would suggest clarifying the scope of the intermediary responsibility and the fact that they remain responsible for their own conduct/obligations even where undertakings retain certain responsibilities or control certain duties (eg product oversight obligations). Furthermore, insurance undertakings should not be required to supervise or be held responsible for the actions of independent intermediaries that are acting in the interest of the consumer and on which undertakings do not have any influence.
Paragraph 41	With regard to determining licensing categories, we wonder if such a distinction should be made not only between brokers and agents, but also within the different categories of agents. Requirements for agents that are tied exclusively to one insurance undertaking (or to an additional one under the permission of the first one) should not be the same as tied agents that are linked to a number of different undertakings. In order to guarantee transparency towards customers, licensing and requirements for registering should be adaptable.
Paragraph 124	In the European Union, the rules on conflicts of interest under the Insurance Distribution Directive (IDD) require intermediaries to always act in accordance with the best interests of their customers and to ensure that any contract proposed is consistent with the customer's demands and needs. These obligations apply irrespective of the timing of the payment of remuneration. The paragraph also fails to acknowledge that intermediaries are dependent on ensuring a successful long-term relationship with their clients, which is not determined by the timing of remuneration payment.

<p>Paragraph 133</p>	<p>While we support the need for supervisors to be able to take action against an insurance intermediary where appropriate, we would question the reference to the application of sanctions indirectly through the insurer. In the European Union, the Insurance Distribution Directive (IDD) contains specific rules on sanctions that apply to any insurance distributor (an intermediary or an insurance undertaking) who is in breach of any conduct of business provisions, including conflicts of interest. The wording should avoid seeming to suggest the application of alternative sanction regimes where specific rules already exist.</p>
<p>Paragraph 148</p>	<p>We support the point that the principles of transparency and disclosure should be applied equally to all distribution channels. This should also respect the principle of proportionality.</p> <p>We would also welcome recognition that the same principles should equally apply for the possibility for sales without advice across all channels of insurance distribution, in line with relevant national rules.</p>
<p>Paragraph 158</p>	<p>We would like to suggest that when determining what is "in good time" the wishes of the customer are also taken into consideration. It would be useful to include a reference that the intermediary should consider the preferences of the customer, so as to respect situations where the customer may need or choose to enter into a contract without undue delay.</p>