

IAIS Consultations

Print view of your comments on "Consultation on ICP 18: Intermediaries" - Date: 29.08.2017, Time: 18:44

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Treat my comments as confidential	No

	Question
Answer	<p>Q1 Comment on ICP 18</p> <p>GFIA supports the balanced approach that has been taken in drafting the updated ICP 18.</p>
Answer	<p>Q2 Comment on Introductory Guidance 18.0.1</p> <p>GFIA takes the view that the revisions to paragraphs 18.0.1 and 18.0.2 accommodate the wide array of distribution models in use in life and health insurance, and welcomes the recognition in this Guidance of the diversity across markets, and the emphasis on applying standards consistently to reduce regulatory arbitrage.</p>
Answer	<p>Q3 Comment on Introductory Guidance 18.0.2</p> <p>GFIA notes the use of the example "such as wholesale intermediaries" may be most accurate in the property and casualty insurance context.</p>
Answer	<p>Q4 Comment on Introductory Guidance 18.0.3</p>
Answer	<p>Q5 Comment on Introductory Guidance 18.0.4</p>
Answer	<p>Q6 Comment on Introductory Guidance 18.0.5</p> <p>Where intermediaries are part of a group, the application of appropriate policies and procedures on insurance intermediation across the group should result in the fair treatment of customers on a group-wide basis, recognising local specificities to avoid regulatory arbitrage and market asymmetries.</p>
	<p>Q7 Comment on Introductory Guidance 18.0.6</p>

Answer GFIA is not of the view that it would be appropriate or proportional for an insurance intermediary operating across multiple jurisdictions to be disadvantaged by being required to meet a standard higher than a local insurance intermediary. It would create an uneven playing field in markets, and undermines the role of the supervisor to set the standard in their jurisdiction. Revised ICP 1 (Objectives, Powers, and Responsibilities of the Supervisor) suggests that the insurance supervisory objectives may include promoting insurance market development, and financial inclusion. In those jurisdictions where these are the supervisory objectives, supervisors may take a different approach in its legal requirements to the implementation of ICP 18 to other jurisdictions, in accordance with the IAIS' overarching concept of proportionality (as set out in ICP and ComFrame Introduction and Assessment Methodology). The suggestion in this Guidance on intermediaries that the legal requirements of the individual jurisdiction should be overlooked, and a different standard applied, undermines the supervisor's objectives in setting their jurisdictional requirements, potentially resulting in a loss of choice for policyholders, and a negative impact on insurance penetration.

Q8 Comment on Guidance 18.0.7

Answer GFIA is pleased to see the principle of proportionality included in 18.0.7 – 18.0.11.

Q9 Comment on Guidance 18.0.8

Answer

Q10 Comment on Guidance 18.0.9

Answer This Guidance, and in 18.0.24, refers to vulnerable consumers. GFIA suggests that the IAIS provides more clarity as to what this term means.

Q11 Comment on Guidance 18.0.10

Answer

Q12 Comment on Guidance 18.0.11

Answer As well as recognising the need to promote innovation and competition, GFIA suggests that this Guidance also reflects that some jurisdictions also emphasise the need to increase insurance penetration.

Q13 Comment on Guidance 18.0.12

Answer The distinction between agents and brokers should apply not only for ICP 18 but also for ICP 19. Therefore, at the beginning of the fourth paragraph, it should state "For the purposes of ICP 18 and ICP 19" instead of "For the purposes of this ICP".

Q14 Comment on Guidance 18.0.13

Answer This Guidance describes current practice in some jurisdictions, and a similar approach is taken in other parts of this revised ICP. GFIA considers that descriptions of current practice are more appropriately contained in Application Papers, rather than in ICPs, which should set out the IAIS' expected supervisory requirements.

Suggestions for re-drafting of the paragraph for clarification purposes are as follows:

"Some supervisors do not distinguish between agents and brokers in legislation and instead supervise according to the activity performed. In some jurisdictions, it may be possible for an intermediary to have different status depending on the customer relationship and the product or service being offered, while in others, conflicts of interest that could arise vis-à-vis consumers are solved by establishing rules that prevent an intermediary from acting in any status other than the one in which he has been registered."

Q15 Comment on Guidance 18.0.14

Answer

Suggestions for re-drafting of the paragraph for clarification purposes are as follows:
“Intermediary operations range from large international firms to local sole traders. Intermediary firms sometimes operate as independent enterprises or divisions of insurers or other financial institutions, or as part of non-financial organisations. Intermediation may also be performed by digital means, such as websites, apps etc. or comparison websites run by authorised intermediaries.”

Q16 Comment on Guidance 18.0.15

Answer

Q17 Comment on Guidance 18.0.16

Answer

GFIA agrees that intermediaries should be competent, however, suggests removing “professional” as this term could seem to imply a fiduciary duty where one does not exist.

Q18 Comment on Guidance 18.0.17

Answer

Q19 Comment on Guidance 18.0.18

Answer

This Guidance contains a description of current practice more appropriate to an Application Paper.

Q20 Comment on Guidance 18.0.19

Answer

Q21 Comment on Guidance 18.0.20

Answer

GFIA welcomes the IAIS’ emphasis on financial awareness and education in this Guidance.

Q22 Comment on Guidance 18.0.21

Answer

Q23 Comment on Guidance 18.0.22

Answer

Q24 Comment on Guidance 18.0.23

Answer

Q25 Comment on Guidance 18.0.24

Answer

Q26 Comment on Guidance 18.0.25

Answer	GFIA suggests moving Guidance 18.0.25 and 18.0.26 up to after 18.0.21 to keep all guidance on benefits together.
	Q27 Comment on Guidance 18.0.26
Answer	
	Q28 Comment on Guidance 18.0.27
Answer	
	Q29 Comment on Guidance 18.0.28
Answer	This Guidance should reference ICP 3 on Confidentiality.
	Q30 Comment on Standard 18.1
Answer	
	Q31 Comment on Guidance 18.1.1
Answer	
	Q32 Comment on Guidance 18.1.2
Answer	
	Q33 Comment on Guidance 18.1.3
Answer	
	Q34 Comment on Guidance 18.1.4
Answer	
	Q35 Comment on Guidance 18.1.5
Answer	GFIA supports the stronger language in this paragraph, i.e. "enable the supervisor to reject a license application". However, the items in the list of information that the supervisors may require to determine suitability for granting a license to insurance undertakings is highly detailed. From a practical standpoint, it may not be possible for agents to meet all of the potential requirements. Further, it seems to go too far for intermediaries that do not bear the risk and are mainly individuals or SME structures. This may have unintended consequences in markets with mainly agency-led distribution. If this list remains as it is, similar to 18.2.6, it could be prefaced with "Where the intermediary is an employee of the insurer".
	Q36 Comment on Guidance 18.1.6
Answer	
	Q37 Comment on Guidance 18.1.7
Answer	
	Q38 Comment on Guidance 18.1.8
Answer	

Q39 Comment on Guidance 18.1.9

Answer

Q40 Comment on Guidance 18.1.10

Answer

Q41 Comment on Standard 18.2

Answer

Q42 Comment on Guidance 18.2.1

Answer

Q43 Comment on Guidance 18.2.2

Answer

Q44 Comment on Guidance 18.2.3

Answer

Q45 Comment on Guidance 18.2.4

Answer

Q46 Comment on Guidance 18.2.5

Answer

Q47 Comment on Guidance 18.2.6

Answer

Q48 Comment on Guidance 18.2.7

Answer

Q49 Comment on Guidance 18.2.8

Answer

Q50 Comment on Guidance 18.2.9

Answer

Q51 Comment on Guidance 18.2.10

Answer

Q52 Comment on Guidance 18.2.11

Answer

Q53 Comment on Guidance 18.2.12

Answer

Q54 Comment on Guidance 18.2.13

Answer	<input type="text"/>
	Q55 Comment on Guidance 18.2.14
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	Q57 Comment on Guidance 18.2.16
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	Q58 Comment on Guidance 18.2.17
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	Q59 Comment on Guidance 18.2.18
Answer	<input type="text"/>
	Q60 Comment on Guidance 18.2.19
Answer	<input type="text"/>
	Q61 Comment on Standard 18.3
Answer	GFIA recommends that recognition is given to industry/insurer training as a valid method for educating intermediaries.
	Q62 Comment on Guidance 18.3.1
Answer	GFIA notes that there appears to be some misplaced text in this Guidance.
	Q63 Comment on Guidance 18.3.2
Answer	As highlighted previously, this Guidance contains statements of current practice better suited to an Application Paper.
	Q64 Comment on Guidance 18.3.3
Answer	<input type="text"/>
	Q65 Comment on Guidance 18.3.4
Answer	<input type="text"/>
	Q66 Comment on Guidance 18.3.5
Answer	<input type="text"/>
	Q67 Comment on Guidance 18.3.6
Answer	<input type="text"/>

Q68 Comment on Guidance 18.3.7

Answer

Q69 Comment on Guidance 18.3.8

Answer

Q70 Comment on Guidance 18.3.9

Answer

Q71 Comment on Guidance 18.3.10

Answer

Q72 Comment on Guidance 18.3.11

Answer

Q73 Comment on Guidance 18.3.12

Answer

Q74 Comment on Guidance 18.3.13

Answer

Q75 Comment on Guidance 18.3.14

Answer

Q76 Comment on Standard 18.4

Answer

The Guidance relating to ICP 18.4 could also refer to disciplinary policies and procedures for wrongdoing.

Q77 Comment on Guidance 18.4.1

Answer

Q78 Comment on Guidance 18.4.2

Answer

GFIA supports the addition of the first bullet "ensuring that those responsible for the intermediary organization's governance have the competence and integrity to fulfil their respective roles".

Q79 Comment on Guidance 18.4.3

Answer

Q80 Comment on Guidance 18.4.4

Answer

GFIA supports the addition of this paragraph on the requirement for intermediaries to establish and implement policies on the fair treatment of customers.

Q81 Comment on Guidance 18.4.5

Answer	
	Q82 Comment on Standard 18.5
Answer	
	Q83 Comment on Guidance 18.5.1
Answer	
	Q84 Comment on Guidance 18.5.2
Answer	
	Q85 Comment on Guidance 18.5.3
Answer	GFIA suggests that there is flexibility in this Guidance as to how terms of business are disclosed – i.e. that it not necessarily be a separate document, but could be integrated into the product information to improve the customer experience.
	Q86 Comment on Guidance 18.5.4
Answer	
	Q87 Comment on Guidance 18.5.5
Answer	
	Q88 Comment on Guidance 18.5.6
Answer	
	Q89 Comment on Guidance 18.5.7
Answer	
	Q90 Comment on Guidance 18.5.8
Answer	
	Q91 Comment on Guidance 18.5.9
Answer	Financial interests, such as a shareholding that agents may have in the insurer they are tied with, do not raise any conflicts of interest. In this respect, a distinction should be made between insurance undertakings' employees or tied agents on the one hand, and other intermediaries on the other hand.
	Q92 Comment on Guidance 18.5.10
Answer	
	Q93 Comment on Guidance 18.5.11
Answer	
	Q94 Comment on Guidance 18.5.12
Answer	

Q95 Comment on Guidance 18.5.13

Answer

Q96 Comment on Guidance 18.5.14

Answer

Q97 Comment on Guidance 18.5.15

Answer

The supervisor may also require that upon a customer's request the customer is provided with further information on a) fees paid by the customer; and/or b) the nature of any remuneration received by the intermediary from the insurer.

Exact remuneration disclosure, i.e. the levels of commissions, would not be helpful, because: a) remuneration arrangements are diverse, complex and therefore can be difficult to accurately calculate and coherently present to the customer. It would be difficult for the customer to gauge whether or not the levels of commissions is appropriate, because of the lack of a clear reference point; b) publicly disclosing negotiated remuneration agreements between intermediaries and insurers would give an unfair advantage to certain distribution channels over others, and also to certain intermediaries within the same distribution channel.

Q98 Comment on Guidance 18.5.16

Answer

Q99 Comment on Guidance 18.5.17

Answer

Q100 Comment on Guidance 18.5.18

Answer

Q101 Comment on Standard 18.6

Answer

Q102 Comment on Guidance 18.6.1

Answer

Q103 Comment on Guidance 18.6.2

Answer

Q104 Comment on Guidance 18.6.3

Answer

Q105 Comment on Guidance 18.6.4

Answer

Q106 Comment on Guidance 18.6.5

Answer

Q107 Comment on Guidance 18.6.6

Answer

Q108 Comment on Guidance 18.6.7

Answer

Q109 Comment on Standard 18.7

Answer

Q110 Comment on Guidance 18.7.1

Answer

Q111 Comment on Guidance 18.7.2

Answer

GFIA supports the addition of paragraphs 18.7.2 – 18.7.6 and is of the view that they are reflective of current regulatory practices in some jurisdictions.

Q112 Comment on Guidance 18.7.3

Answer

Q113 Comment on Guidance 18.7.4

Answer

Q114 Comment on Guidance 18.7.5

Answer

Q115 Comment on Guidance 18.7.6

Answer

Q116 Comment on Guidance 18.7.7

Answer

This guidance lists removing key persons in control functions as an example of applicable supervisory measures on the fourth bullet. GFIA is concerned about this approach to allow the supervisor to require the insurer to remove those key persons in control functions. This could invite excessive supervisory intervention into HR management, bias the insurer's autonomous business judgement, and inhibit enhanced corporate value and market development. Those key persons whom the supervisors request removal should be limited to those who are expected to have the most outstanding management capacity. Thus, this guidance should replace "key persons in control functions" with "Board Members".

Q117 Comment on Guidance 18.7.8

Answer

This guidance lists barring individuals from acting in key roles or holding similar roles in the future as an example of applicable sanctions on the second bullet. GFIA is concerned about this approach to allow the supervisor to bar individuals from key roles in control functions. This could invite excessive supervisory intervention into HR management, bias the insurer's autonomous business judgement, and inhibit enhanced corporate value and market development. Those roles that the supervisors bar individuals to act in or hold should be limited to those roles that require the most outstanding management capacity. Thus, this guidance should replace "acting in key roles or holding similar roles in the future" with "the Board".

Q118 Comment on Guidance 18.7.9

Answer

	Q119	Comment on Guidance 18.7.10
Answer	GFIA welcomes the recognition in this Guidance of due process for appealing supervisory measures.	
	Q120	Comment on Standard 18.8
Answer		
	Q121	Comment on Guidance 18.8.1
Answer		
	Q122	Comment on Guidance 18.8.2
Answer		
	Q123	Comment on Guidance 18.8.3
Answer		
	Q124	Comment on Standard 18.9
Answer		
	Q125	Comment on Guidance 18.9.1
Answer		
	Q126	Comment on Guidance 18.9.2
Answer		