



## Media Release

# Respect and fairness to customers central to promoting ethical culture and conduct amongst general insurance (GI) intermediaries

*Boost in conduct related initiatives as well as higher level of engagement and ownership within Singapore's insurance eco-system following launch of best practice papers by Insurance Culture and Conduct Steering Committee*

**Singapore, 10 January 2024** — The Insurance Culture and Conduct Steering Committee (ICSC) today released its fourth paper ***Promoting Ethical Culture and Conduct in Insurance Intermediaries (General)***<sup>1</sup>. This set of guidelines – centred on prioritising and protecting the interests of customers by general insurance intermediaries – outlines best practices for GI intermediaries in maintaining and elevating standards of integrity and professionalism to build customer trust and confidence in the sector.

Key areas of focus in these latest set of best practice guidelines include:

- **Cooperation to mitigate rolling bad apples** by ensuring corporate GI intermediaries and insurers work together to prevent individuals with prior misconduct from re-entering the industry. The recommendations include checking for past misconduct when hiring as well as establishing accountability in staff responding to reference checks.
- **Prohibition of referral or introducer fees, and preventing the use of sub-agents for the sale of general insurance policies.** Insurers and general insurance intermediaries should also refrain from allowing online partners to function as intermediaries without proper licencing or registration, remunerating such partners with a percentage of sales for each policy sold via their platform, and/or participating in pricing packages that may result in biased and inappropriate product recommendations, ranking, or advice of a general insurance product.
- **Remuneration practices and agency performance management framework** where appropriate incentives and a balanced scorecard are utilised to ensure reward and recognition goes beyond financial indicators. This includes minimum two hours of training annually on ethics, conduct and compliance, and for agents, setting a clear process to ensure remedial actions are mapped out and delivered for errant behaviours with frequent, close monitoring of the agents by the first and second lines of defence.

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<sup>1</sup> Refer to appendix for infographics with key takeaways from the Paper. The paper is available for download at: [https://gia.org.sg/images/resources/For-Members/ICSC-GI-Intermediaries-Best-Practice\\_2024-01-10.pdf](https://gia.org.sg/images/resources/For-Members/ICSC-GI-Intermediaries-Best-Practice_2024-01-10.pdf) The other three papers can be downloaded at: <https://www.lia.org.sg/industry-guidelines/industry-practices/>

The first three papers focusing on Human Resources, Corporate Governance and Life Insurance Intermediaries were released in two tranches in 2022. This fourth paper follows the release of the Inaugural Insurance Trust Indicator Study by ICCSC, which showed good levels of trust in the Singapore insurance industry.<sup>2</sup>

“We are heartened to receive positive feedback on the value of work done by the ICCSC. Following the publication of our best practice papers and Insurance Trust Indicator Study, the industry has observed an increase in the levels of involvement and accountability of individuals within the insurance eco-system – including leaders, supervisors, agents, brokers, and financial advisers – on matters relating to ethics and conduct. This is good progress and we will continue to engage all stakeholders to further uplift the industry,” said **Dr Khoo Kah Siang, Chairperson of the Insurance Culture and Conduct Steering Committee.**

Areas in which key actions have been taken by some of the industry players to enhance culture and conduct include:

- **Enhanced risk management frameworks and policies** including rigorous trainings on risk-related activities and how to better manage them, as well as introduction of formal consequence management procedures
- **Implementation of Quality Assurance Scorecard** for more comprehensive performance evaluation across financial and non-financial metrics
- **Increased communications and interactions between management and staff** to strengthen tone from the top and establish feedback loop for two-way engagement.

The ICCSC, consisting of senior leaders in the industry, was established in December 2019 to foster sound culture and strengthen standards of conduct among insurers in Singapore.<sup>3</sup> They are supported by the General Insurance Association of Singapore (GIA), the Life Insurance Association (LIA) and the Singapore Reinsurers’ Association (SRA).

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<sup>2</sup> ‘Press release: Inaugural Insurance Trust Indicator Study shows good levels of trust in Singapore’s insurance industry (July 26, 2023) Insurance Culture and Conduct Steering Committee. Available at: <https://www.lia.org.sg/media/3926/iccsc-press-release-20230726.pdf>

<sup>3</sup> ‘Joint media release: New Industry Steering Committee to Elevate Culture and Conduct Standards for Insurance Industry’ (Dec 12, 2019). Monetary Authority of Singapore (MAS), the General Insurance Association of Singapore (GIA), the Life Insurance Association (LIA) and the Singapore Reinsurers’ Association (SRA). Information available at: <https://www.mas.gov.sg/news/media-releases/2019/new-industry-steering-committee-to-elevate-culture-and-conduct-standards-for-insurance-industry#:~:text=The%20Monetary%20Authority%20of%20Singapore,foster%20sound%20culture%20and%20strengthen>

## Appendix 1: Infographic on Intermediary Culture and Conduct Best Practices – Promoting Ethical Culture and Conduct in Insurance Intermediaries (General)

# INTERMEDIARY CULTURE AND CONDUCT BEST PRACTICES

## Promoting Ethical Culture and Conduct in Insurance Intermediaries (General)

General insurance intermediaries (GI intermediaries) serve as the primary bridge between insurers and customers. They must maintain high standards of integrity and professionalism by upholding standards of ethical culture and conduct.

Six areas of best practices are identified to elevate and maintain the level of service provided, customer trust and confidence in the sector.

# 1

### VALUE ALIGNMENT

- Continuing professional development for GI intermediaries on topics related to ethics, conduct, regulatory & statutory requirements, and continuing efforts to foster the correct culture.
- Incorporating the core values of principal insurers into agency agreements.



# 2

### COOPERATION TO MITIGATE ROLLING BAD APPLES

- Ensuring that corporate GI intermediaries and insurers cooperate to prevent individuals with prior misconduct to re-enter the industry through evasion methods, and to consider the past misconduct when hiring.
- Establishing accountability of staff responding to reference checks.

# 3

### REMUNERATION PRACTICES

- Utilising incentives and a balanced scorecard for staff of corporate GI intermediaries beyond financial key performance indicators.
- Achieving a minimum of 2 training hours on ethics, conduct and compliance topics annually as a non-financial key performance indicator in determining remuneration.



# 4

### USE OF SUB-AGENTS & INTRODUCERS

- Prohibiting payment or receiving of referral or introducer fees for general insurance.
- Use of sub-agents should be prohibited in the sale of general insurance.

# 5

### AGENCY PERFORMANCE MANAGEMENT

- Establishing an agency performance management framework to drive proper conduct, with appropriate improvement and remedial actions.
- Applying close & frequent monitoring of agents by 1st and 2nd lines of defence.



# 6

### AGGREGATOR & E-COMMERCE PLATFORM

- Prioritising protection of customers and avoid unethical practices when working with online partners.

### **About the Insurance Culture and Conduct Steering Committee (ICCSC)**

The Monetary Authority of Singapore (MAS), the General Insurance Association of Singapore (GIA), the Life Insurance Association (LIA) and the Singapore Reinsurers' Association (SRA), announced on 12 December 2019 the establishment of the Insurance Culture and Conduct Steering Committee (ICCSC) to foster sound culture and strengthen standards of conduct among insurers in Singapore.

The ICCSC, chaired by Dr Khoo Kah Siang, Chief Executive Officer, Manulife (Singapore), comprises members from 12 other insurers in Singapore, who have responsibilities in business, distribution, risk management, legal, compliance, operations and human resource. It monitors trends and identify emerging issues, collaborates with MAS on initiatives such as industry self-assessments and the development of good practice guides, and champions adoption of good practices by the insurance industry including distributors.

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