Promoting Ethical Culture and Conduct in Insurance Intermediaries (General)

AN INTERMEDIARY BEST PRACTICE PAPER PUBLISHED BY THE INSURANCE CULTURE AND CONDUCT STEERING COMMITTEE

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EXECUTIVE SUMMARY

General insurance intermediaries, comprising registered agents, registered insurance brokers and exempt insurance brokers (collectively referred to as general insurance intermediaries), serve as the intermediary between general insurers and customers. They play a pivotal role in safeguarding the needs of society by serving the retail, commercial industries and beyond.

At the heart of this business, general insurance intermediaries must maintain high standards of integrity and professionalism to ensure that customers are treated with respect and fairness. They should uphold the standards and conduct set by their insurers

Where applicable, general insurance intermediaries should implement HR practices that promote good culture and conduct. Employees of general insurance intermediaries who are engaged in sales or managing sales staff should not be solely remunerated based on financial targets, and remuneration targets should not be heavily skewed towards financial targets.

To promote good culture and conduct amongst agents, general insurers and their registered agents should support an agency performance management framework.

In the digital space (refer to Section 6 - Aggregators and E-Commerce Platforms), insurers and corporate general insurance intermediaries should perform their respective roles and should not engage in practices that are not in the best interests of customers.

Currently, general insurance intermediaries and their principals/insurers are subscribed to the following Codes of Practice:

a. The Singapore General Insurance Code of Practice;
b. Code of Practice for Agent (as well as the General Insurance Agents Registration Regulations); and
c. Code of Practice for Brokers.

Certain segments of general insurance intermediaries, such as registered and exempt insurance brokers and registered agents who are also appointed representatives of licensed and exempt financial advisers, are subject to conduct rules under the Insurance Act and Financial Advisers Act, respectively. These rules include entry requirements and fit and proper standards for applicants registering to be insurance brokers and individuals seeking to be appointed as representatives. Representatives must also complete a minimum number of training hours in Ethics and/or Rules and Regulations annually. MAS has publicly consulted on revisions to the misconduct reporting requirements and proposals to mandate reference checks, which would broaden the application to all general insurance intermediaries once enacted into regulation.

Therefore, for these segments of general insurance intermediaries, the principles in this Paper complement what has already been set out in existing legislation and other existing industry codes and guidelines.

To address the identified challenges outlined in this paper and strengthen the culture and conduct of general insurance intermediaries, the Insurance Culture and Conduct Steering Committee (ICCSC) formed the General Insurance Intermediary Sub-Committee, comprising members from the General Insurance Association, the Singapore Insurance Brokers Association, and general insurers. This Paper was prepared by the General Insurance Intermediary Sub-Committee to propose initiatives and best practices that can elevate the standards of integrity and professionalism in the market. Several recommendations are made for the insurers, who are important stakeholders in the market.

1. ALIGNMENT TO THE VALUES OF PRINCIPALS AND INSURERS

To date, the ICCSC has published three best practice papers to raise culture and conduct standards in the insurance ecosystem:

a. Promoting Ethical Culture and Conduct Across the Employee Lifecycle;
b. Promoting Ethical Culture and Conduct Through Corporate Governance and Systems; and
c. Promoting Ethical Culture and Conduct in Insurance Intermediaries (Life).

This Paper references the best practices outlined in the Corporate Governance paper, which stresses the importance for insurance companies to set the tone from the top, specifically from the Board and senior management.

A majority (70.6%) of general insurance agents are individuals, while about 29.4% are corporations, and all general insurance brokers are corporations.

1.1 The role of the industry's different shareholders

I. General Insurance Intermediaries

a. General insurance intermediaries, whether they are individuals or corporations, should align with the overarching values of integrity and fairness that their principals or insurers hold.

b. This is to ensure that there is no disconnect between the standards established by the insurance companies and the expectations of the customers.

II. Insurance Companies

a. Fair dealing, ethical conduct and proper disclosures are the core principles that insurance companies are expected to put into place.

b. This should start with the Board and senior management, where good examples must be set to ensure that they are internalised as a culture across all hierarchical tiers within the organisation.

General insurance intermediaries and insurers must align to uphold proper culture and conduct. Insurance agents, in particular, are representatives of the principals they represent.

To align themselves with the values of their principals or insurers, general insurance intermediaries should adopt the values, Code of Ethics and best practices conveyed in the Corporate Governance best practice paper.

1. ALIGNMENT TO THE VALUES OF PRINCIPALS AND INSURERS

1.2 Introducing new hires to the industry

New hires of general insurance intermediaries must be aligned with the values of their principals and insurers by adopting the practices in the Human Resources best practice paper.

In addition to technical competencies, onboarding practices and Continuing Professional Development efforts should cover relevant topics on values, ethics, and conduct.

Conversely, topics unrelated to ethics, conduct and technical competencies should be excluded from Continuing Professional Development.

1.3 Nurturing the desired culture within the industry

I. Within The Organisation

Insurers and corporate general insurance intermediaries should continuously foster the desired culture amongst its agents and employees. This can include:

a. Embedding ethics and conduct in the training curriculum and ensuring minimum training hours are spent on the subject, in addition to ensuring attendance and completion of the courses;

b. Ensuring that communication channels in the form of regular meetings, events and portals, focus on the right culture and conduct. This should be adopted by principals and agents, and corporate general insurance intermediaries with their employees; and

c. Providing periodic updates on compliance issues and regulatory developments in the form of newsletters, bulletins, etc.

II. Individual Agents

While it may not be practical for individual agents to establish the policies and processes outlined in the Corporate Governance best practice paper, they should align themselves with the values set by their principals. This is to uphold the professionalism and standards of the principals they represent.

Agency agreements can incorporate the core values of the principals (i.e. Code of Conduct or Code of Ethics). Principals can also minimally include certain standards of conduct in the following areas, if these have not been included in the Codes:

a. Anti-Corruption;
b. Anti-Fraud;
c. Prohibition against anti-competitive behaviour and actions;
d. Anti-Money Laundering and Countering the Financing of Terrorism;
e. Conflicts of Interest;
f. Data Protection and Data Privacy;
g. Insider Trading.

1. ALIGNMENT TO THE VALUES OF PRINCIPALS AND INSURERS

1.4 Disclosures to be enforced by insurers and general insurance intermediaries

Section 67 of the Insurance Act 1966 provides for certain mandatory disclosures by intermediaries to their customers or prospective customers.

Mandatory disclosures by general insurance intermediaries must be enforced by the insurers and the corporate general insurance intermediaries:

a. Name of the licensed insurer;
b. Insurance intermediary's relationship with the licensed insurer;
c. Premium charged by the licensed insurer.

The following disclosures should also be made:
d. Administrative or other charges imposed by the general insurance intermediaries;
e. Product summaries, if available.

Insurers should incorporate these disclosures practices into their agency performance management (refer to Section 5 – Agency Performance Management). Brokers should also adopt and implement the disclosures as industry standards.

To ensure customers are aware of the requirements, relevant Associations (representing insurers and general insurance intermediaries) should undertake public education on mandatory disclosures. General insurance intermediaries will then be motivated to ensure compliance with the legal provision on the mandatory disclosures.

Recommendation 1: Corporate general insurance intermediaries should adopt the best practices outlined in the Corporate Governance and Human Resources papers to improve their standards of integrity and professionalism.

Recommendation 2: Continuing Professional Development (CPD) for general insurance intermediaries should include minimum training hours on ethics, conduct, regulatory and statutory compliance, in addition to technical/professional competencies. Topics unrelated to ethics, conduct, compliance and technical/professional competencies should be excluded.

Recommendation 3: To foster the desired culture among agents/employees of corporate general insurance intermediaries, continuous effort should be invested through various means of CPD training, minimum training hours, attendance, and completion of courses, establishing communication channels and periodic compliance sharing through newsletters and bulletins.

Recommendation 4: To ensure value alignment with principals, agency agreements should include the core values of insurers and address the following at a minimum:

a. Anti-Corruption;
b. Anti-Fraud;
c. Prohibition against anti competitive behaviour and actions;
d. Anti-Money Laundering and Countering the Financing of Terrorism;
e. Conflicts of Interest;
f. Data Protection and Data Privacy;
g. Insider Trading.

Recommendation 5: Insurers and brokers must enforce the mandatory disclosures under Section 67 of the Insurance Act 1966, and the relevant Associations (representing the insurers and general insurance intermediaries) should conduct public education on these disclosures.

2. COOPERATION TO MITIGATE "ROLLING BAD APPLES"

According to the MAS Public Consultation Paper on Proposals to Mandate Reference Checks, "rolling bad apples" refers to individuals who engage in misconduct in one firm and move on to another without disclosing their earlier misconduct to the new employer. This includes individuals who have not been openly sanctioned by the Regulator but have a record of misconduct with one or more insurers or brokers.

There are 2 broad categories of such individuals:

a. Those who evade detection and attempt to return to the industry using various methods such as fronting, layering or switching. These individuals may have successfully evaded reference checks.

b. Those who do undergo reference checks but are able to return to the industry due to non-disclosure to prospective employers or lax responses from previous employers.

The recommendations in this Paper aim to mitigate such activities in the general insurance industry.

2.1 Undetected re-entry to the industry

Individuals who engaged in misconduct or were sanctioned return to the industry through the general insurance intermediary as an employee, partner, shadow-director (i.e. a person who does not openly claim to be a director nor openly exercise the powers associated with a directorship), manager, or in any other capacity. They may incorporate new legal entities to register themselves as an insurance agent by using proxies or nominees, or get themselves employed by a registered general insurance intermediary, or become partners with existing registered entities.

These individuals evade detection through one or more of the following means:

I. Fronting

These individuals register and operate as a general insurance intermediary by using proxies or nominees or legal entities, without disclosing the actual controller.

II. Layering

These individuals incorporate new legal entities and proceed to be employed by, contracted by, work as a referrer for or, through other arrangements, collaborate with general insurance intermediaries to bring in business.

III. Switching

These individuals find employment in a different sector, for example from insurance to other financial services sectors.

Insurers are obliged to consider the above evasion tactics during their fit and proper assessment and references checks of agents and controllers (if any). In the course of the review, insurers should not allow personnel with adverse records to re-enter the industry without assessing their past conduct. As insurers interact closely with their agents, it would be apparent to the insurers' agency management if there are controllers beyond the stated directors and shareholders. This will become an ethical issue if insurers are aware that there may be agents being controlled by persons with records of compliance issues, but do not take decisive action to deal with the issue. For cases where the identities of the actual controllers are initially obscured (could be through evasion tactics like fronting), insurers should perform the same fit and proper assessment and reference checks when they become aware of their presence.

Corporate general insurance intermediaries are also expected to be vigilant towards these forms of evasion strategies and actively address them.

If aware, both insurers and corporate general insurance intermediaries should also take past records of misconduct of individuals into consideration when hiring.

2. COOPERATION TO MITIGATE "ROLLING BAD APPLES"

2.2 Reference Checks

Following the abovementioned Public Consultation Paper on Proposals to Mandate Reference Checks, the MAS is expected to publish Mandatory Reference Check requirements.

The senior management of the responding party overseeing the reference checks should encourage accurate, objective, clear and balanced feedback based on verifiable facts to prevent bias and unfair statements that may affect the candidate's job prospects. Relevant staff in the responding party responsible for providing the reference check responses should be held accountable.

Insurers and corporate general insurance intermediaries can take reference from the following 6 principles articulated in a court case[1]:

a. The facts are true.
b. Opinions are based on and supported by true facts.
c. Do not give an overall unfair or misleading impression.
d. Do not withhold information that would render the information disclosed, incomplete, inaccurate, or unfair.
e. Do not include in the reference, whether explicitly or implicitly, complaints or other allegations against the employee that you have no knowledge of and the employee has not been given an opportunity to explain or defend himself against.
f. The greater the gravity of any adverse suggestion or inference the more closely the responding employers' conduct should be scrutinised to ensure whether reasonable care has been taken.

Insurers and corporate general insurance intermediaries should consider incorporating in their own Code of Ethics or Code of Conduct that they will not support the practice of rolling bad apples as a demonstration of their commitment to prevent individuals with serious misconduct issues from re-entering the general insurance sector through one of the 3 evasion tactics mentioned above, or hiring these individuals without considering their past misconduct, or providing lax reference checks responses.

Insurers and corporate general insurance intermediaries should also share regulatory developments and cases of misconduct with the agents/employees via the Continuing Professional Development trainings or newsletters, email blasts, etc.

Recommendation 6: Insurers should cooperate to mitigate the "rolling of bad apples," whereby sanctioned individuals or those with a history of misconduct may use proxies or nominees to re-enter the industry through one of the three evasion methods mentioned earlier. When insurers are aware of such individuals controlling the agents or brokers, they should take their past record of misconduct or sanctions seriously. Corporate general insurance intermediaries should also cooperate in addressing these evasion methods.

Moreover, both insurers and corporate general insurance intermediaries should also not support this practice of rolling bad apples, but take past records of misconduct into consideration when hiring an individual.

Recommendation 7: Both insurers and corporate general insurance intermediaries should include in their Code of Ethics or Code of Conduct a provision that they will not support the practice of rolling bad apples.

Recommendation 8: Responding insurers and general insurance intermediaries should provide true, objective, accurate and factual comments in the reference checks conducted on individuals. Responding parties should not include bias or incomplete disclosure.

Recommendation 9 - Relevant staff of responding insurers and general insurance intermediaries should be held accountable for their comments/response to a reference check to prevent bias and unfair statements.

1 Ramesh s/o Krishnan v AXA Life Insurance Singapore Pte Ltd [2016] SGCA 47 at Para 102

3. REMUNERATION PRACTICES OF CORPORATE GENERAL INSURANCE INTERMEDIARIES

To promote and uphold a culture that emphasises and protects the interests of customers, corporate general insurance intermediaries should avoid performance management and remuneration practices that heavily skew towards assessing the financial performance of staff engaged in sales or those who manage the sales team.

Metrics that encourage the desired culture, behaviour and conduct be included in the performance management. By incorporating such metrics, the focus on financial performance can be reduced when considering the overall remuneration of these individuals.

This point has been covered in the Corporate Governance as well as the Life Intermediary best practice papers.

Similar to employees of insurance companies and life intermediaries, incentives and balanced scorecards for employees of corporate general insurance intermediaries engaged in sales or managing the sales team should not be solely based on or heavily skewed towards financial KPIs. Instead, non-financial indicators such as ethics, compliance with laws and regulations, compliance with internal rules or guides (e.g. risk acceptance limits), complaints, and breach of client confidentiality should also be considered.

Corporate general insurance intermediaries may include a performance metric that references the MAS's Individual Accountability and Conduct (IAC) framework or any Associations' Code of Practice, along with the corresponding accountabilities and responsibilities for relevant staff (i.e. staff in senior management roles and staff who can be designated as "material risk personnel" as per the IAC Guidelines).

As part of performance management, corporate general insurance intermediaries should also require all employees to attend an annual refresher training course on the IAC framework, the Associations' Code of Practice, principal's Code of Ethics/Code of Conduct (for agents), and the corresponding accountabilities.

Attendance and completion of these courses should be included as a performance indicator in the annual appraisals of those individuals, with a minimum of 2 hours of training on ethics, conduct, and regulatory compliance (out of Continuing Professional Development) required. The purpose of such initiatives is to ensure that individuals remain appraised by the standards required of them.

Recommendation 10: Corporate general insurance intermediaries should assess incentives and balanced scorecard for employees engaged in sales or involved in managing the sales team beyond financial KPIs or on rubrics heavily skewed towards financial KPIs. Non-financial indicators such as ethics, compliance with laws and regulations, compliance with internal rules or guides, complaints, and breach of client confidentiality should be considered in determining incentives and balanced scorecards.

Recommendation 11: The performance metric for relevant staff of corporate general insurance intermediaries could also include reference to the MAS's Individual Accountability and Conduct (IAC) framework, where such relevant individuals are held accountable for the people and operations under their purview.

Recommendation 12: All staff of corporate general insurance intermediaries should attend annual refresher training on the IAC framework, the respective Associations' Code of Practice and the principal's Code of Ethics and Code of Conduct (for agents). Attendance and completion of the courses should be included as a performance indicator.

Recommendation 13: All staff of corporate general insurance intermediaries should attain a minimum attainment of 2 hours of training on ethics, conduct, statutory and regulatory compliance.

4. USE OF SUB-AGENTS AND INTRODUCERS

The Trade Specific Agents (TSA) framework was established to address the use of sub-agents and introducers in specific industries such as motorcycle dealers, travel, and employment agencies. This framework ensures that the relevant employees of these organisations are qualified and trained to sell the insurance products of their principals.

Outside the TSA framework, general insurance intermediaries must possess the necessary qualifications and undergo minimum training hours under the Continuing Professional Development framework. These requirements ensure that general insurance intermediaries are qualified and technically competent to sell the insurance products of their principals and insurers. Under the GIA agency management framework, general insurance agents are allowed to represent only three principals at any one time.

To demonstrate a greater commitment to professionalism, general insurance intermediaries must adhere to the following:

a. General insurance intermediaries must not pay fees or share commissions with business introducers or referrers, regardless whether they are registered agents or unqualified and unregistered entities.

b. General insurance insurance agents must not circumvent the three-principal rule by bringing their business to another principal via another general insurance agent for both parties to share the commission. The former agent must act purely as an introducer and nothing else.

c. General insurance intermediaries must not ask for an introducer or referral fee if they are unable to advise customers on an insurance product but have to refer their customers to another general insurance intermediary.

In scenario a., the use of unqualified and unregistered entities can damage the reputation of both insurers and registered general insurance intermediaries.

The unqualified and unregistered sub-agents and introducers could be perceived by customers as qualified and registered intermediaries when they engage in any of the following:

- Receiving proposals for, or issuing policies.
- Collecting or receiving premiums on policies.
- Arranging contracts of insurance.
- Providing insurance sales or product advice.

In scenarios b. and c., general insurance intermediaries must not pay nor receive introducer or referral fees when they have only acted as introducers without performing their responsibilities as qualified and competent general insurance intermediaries. The prohibition does not stop an objectively justifiable arrangement where general insurance intermediaries pay or receive fees for performing specific services (excluding introducing or referring).

The prohibition does not stop an objectively justifiable arrangement where the 2 intermediaries have documented clearly their different roles in handling a specific customer's business, and how each will be paid. e.g.

- 1 is the broker advising the customer and 1 is the placement broker placing the insurance
- a principal agent managing a TSA according to a tripartite agency agreement
- co-broking or joint broking where, for example, each intermediary places a percentage of the total insured risk, or different allocated parts of the risk

There is no objection to these objectively justifiable arrangements where multiple intermediaries serve 1 customer, and no objection to the split of commissions between the intermediaries in these cases.

The practices above can only be effectively regulated through the cooperation of both general insurance intermediaries and insurers. To address this issue, the Agency Performance Management for agents, as outlined in Section 5 below , should be implemented. For brokers, the Association (SIBA) should revise its Code of Practice to address this issue to enhance professional standards in the broker industry.

5. AGENCY PERFORMANCE MANAGEMENT

Some insurers may already have an agency performance management framework in place to manage their agents and ensure that they act in the best interests of the consumers.

Having a robust and clearly defined agency performance management framework will inform aspiring agents who wish to be registered with the insurer that the insurer values conduct and ethics over monetary deliverables. Indiscretion and misconduct will be dealt with, in accordance with the parameters established within the framework.

Effective agency performance management to promote good conduct and ethics could include:

a. Use of sub-agents, introducers and other unregistered agents.
b. Valid complaints related to market conduct, mis-selling, and insufficient disclosure.
c. Data breaches and breaches of confidentiality.
d. Unsatisfactory handling of premium collection.
e. Frequent cancellation of policies.
f. Breaches of standards articulated by the principals.

Agents could be managed using a point-grading system where scoring below a defined target within a specified period would result in the agent being singled out for improvement action, or have preemptive action to be taken against (such as counselling, guidance, further investigation, enhanced monitoring, re-training). More serious breaches could result in a warning being issued, suspension or immediate termination.

Agents could be monitored more closely under the agency performance management framework, with frequent checks by the first line of defence of the insurer (i.e., the agency team), while the second line of defence (i.e., compliance or risk management) could be engaged to conduct regular compliance checks. Messages on commendable culture and conduct could also be disseminated among agents via newsletters, training, agency events and communication by the senior management team of the insurer.

Recommendation 14: Insurers should establish an agency performance management framework to measure the agent's conduct against the agreed-upon standards outlined in the framework. The following quality indicators could be included in an effective agency performance management framework:

a . Use of sub-agents, introducers, and other unregistered agents.
b. Valid complaints related to market conduct, mis-selling, insufficient disclosure.
c. Data breaches and breaches of confidentiality.
d. Unsatisfactory handling of premium collection.
e. Frequent cancellation of policies.
f. Breaches of standards articulated by the principals.

Recommendation 15: Appropriate improvement and remedial actions must be taken, with more serious misconduct requiring suspension or termination.

Recommendation 16: Close and frequent monitoring of agents by the first and second lines of defence could be implemented to reinforce good conduct. This must be supplemented by sharing and enforcing the correct message via newsletters, training, agency events and communication by the senior management team of the insurer.

6. AGGREGATORS AND E-COMMERCE PLATFORMS

In today's digital age, insurers and/or general insurance intermediaries may work with web aggregators and e-commerce partners (collectively, "online partners") that are not registered as intermediaries but may function as one by accepting business and collecting premiums. This means they are not subject to agency registration rules and/or broker registration requirements, which are intended to ensure that the general insurance intermediaries possess the necessary qualifications and competencies to provide suitable solutions and products to the public.

Online partners may receive an introducer fee for every policy sold through their platforms, which could be structured as a percentage of the premium charged. This arrangement could potentially result in online partners being paid a commission, even if they are not registered or licensed intermediaries.

Insurers and intermediaries may not be transparent with web aggregators regarding pricing and product features. While it is not illegal or unethical to pay for greater prominence in the online marketplace, it may be unethical if aggregators recommend products offered by parties who pay a higher price, without considering the suitability of competing products.

This can also mean that online partners are providing insurance advice when they are not registered or licensed intermediaries.

It is impractical to prohibit insurers and general insurance intermediaries from using digital means to market, promote, and sell their products. However, the customers' best interests must always be protected and considered. Insurers and general insurance intermediaries that work with online partners must uphold principles of ethics and integrity in their engagement. While online partners, insurers, and intermediaries have their respective roles, they must each perform their roles with the customers' interests in mind.

Insurers and general insurance intermediaries should refrain from the following practices:

a. Allowing online partners to function as intermediaries without proper licensing/registration.

   While these arrangements may provide a seamless consumer journey, proper registration or licensing of intermediaries is necessary for customer protection. When online partners recommend or compare products offered by certain insurers or intermediaries, they are acting as intermediaries without registration or licensing.

b. Remunerating online partners with a percentage of sales for each policy sold via their platform.

   Online partners that are not registered or licensed as insurance intermediaries should not be remunerated on percentage of premium earned per policy sold. This practice can be considered as having paid commission to the online partners, when they have not performed the duties of an insurance intermediary. Insurers and intermediaries should not be enticed by the possibility of a large customer pool offered by online partners to agree to such remuneration practices. Instead, they should be able to justify their remuneration package agreed upon with online partners based on objective and justifiable considerations.

c. Participating in pricing packages with online partners that result in biased and inappropriate product recommendation, ranking, or advice of an insurance product.

   If online partners favour insurers who subscribe to more expensive pricing packages without considering the suitability of the products for the customers' situation, such actions may not be in the best interest of the customers. Online platforms operating as aggregators are supposed to be independent and not recommending products. Insurers and corporate general insurance intermediaries should not encourage unethical business practices by subscribing to pricing packages that result in biased and inappropriate product recommendation, ranking, or advice of an insurance product.

6. AGGREGATORS AND E-COMMERCE PLATFORMS

d. Engaging in and/or allowing their online partners to be involved in unethical sales behaviour.

   Various unethical sales behaviours, known as "Dark Patterns" go against serving customers' interests and can damage the reputation of the industry in the long term. Insurers and general insurance intermediaries should not be involved in such conduct. Examples of unethical sales behaviour include but are not limited to:

   (1) Forcing customers to buy add-on insurance when they purchase the initial product offered by the online partners.

   (2) Customers find themselves paying for an insurance product that was unethically included in their initial purchase of a product that was offered by the online partners.

   (3) Various premium plans may be marketed using alluring content in the hope of customers purchasing it even though the plan does not serve their needs.

To address these identified issues, the respective Codes of Practice for both Agents and Brokers should include principles of ethics, culture, and conduct in dealing with online partners.

Similarly, insurers should include ethics, culture, and conduct of agents in their agency performance management framework. Providing agents with a handbook on the dos and don'ts with the corresponding consequences to be meted out will be a useful tool in the agency performance management framework. A similar approach could be undertaken by corporate general insurance intermediaries for their employees.

If the abovementioned questionable practices and unethical sales behaviours are not currently addressed in their Code of Ethics or Code of Conduct, insurers and corporate general insurance intermediaries should include a commitment to avoid such questionable and unethical behaviours in the online space.

Recommendation 17: Insurers and corporate general insurance intermediaries must prioritise the protection of customer interests when working with online partners.

Attention should be paid to prevent the following from occurring:

a. Allowing online partners to operate as intermediaries without proper licensing or registration.
b. Remunerating online partners on a commission basis for every policy sold via the online platform.
c. Engaging in pricing packages that lead to biased and inappropriate product recommendations or rankings or advice of an insurance product by online partners.
d. Permitting unethical sales behaviour by online partners.

Insurers and corporate general insurance intermediaries should take responsibility for ensuring compliance with these standards, rather than relying solely on online partners.

Recommendation 18: The respective Associations (representing insurers and general insurance intermediaries) should update their Codes of Practice to include principles of ethics, culture and conduct for dealings with online partners.

Recommendation 19: Insurers and corporate general insurance intermediaries should include in their own Code of Ethics or Code of Conduct a commitment to avoid questionable and unethical sales behaviors in the online space.

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7. General Insurance Association Code of Practice

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