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Jeremy Quick

Director of Banking and Insurance
Supervision and Policy Division

23 July 2015

Our Ref: Rules and Code Guidance/JT/JQ

Please use our reference on all correspondence

Dear

This letter is being sent to all insurance intermediaries licensed for general insurance business and will be placed on the Commission's website.

The Commission has received useful feedback that particular requirements of the Insurance Intermediaries (Conduct of Business) Rules 2014 ("the Rules") and the Code of Conduct for Authorised Insurance Representatives ("the Code") are proving difficult to comply with in the normal course of business. The particular requirements are as below:

Insurance Intermediaries (Conduct of Business) Rules 2014

5.2.3 Disclosure

(a) Before a licensee provides insurance intermediary services to a client, it must disclose to him in writing the services, products offered and the expertise of the licensee.

Code of Conduct for Authorised Insurance Representatives

3.2. Prior to providing advisory services to a client, an authorised insurance representative shall:

3.2.2. disclose to the client in writing the classes of insurance and products upon which he is authorised to provide advice;

3.2.3. disclose to the client in writing the range, scope and any limitations in the product providers and/or products upon which he is able to provide advice.

The issue arises where general insurance quotations are provided, and insurance policies arranged over the telephone. It may not be practical for an intermediary to suspend an enquiry or conversation in order to provide the written disclosure required under the Rules and Code.

For the avoidance of doubt, The Commission will permit an intermediary to provide the necessary disclosures as soon as reasonably practicable where it is not viable to provide it prior to advising on, or arranging a general insurance product. For example, where a client wishes to insure a vehicle immediately, the intermediary may provide the client with a quotation, and place cover without making the written disclosure. The disclosure must still be made, but may be done so after advice has been given or the policy has inception. Where the written disclosure can reasonably be made prior to providing advisory services, then the licensee must do so, this would include face to face and online facilities.

To be clear, the above guidance only applies to general insurance products; licensees and AIRs, including those authorised as Financial Advisers, dealing with long-term products must comply with the Rules and Code as written.

I hope you will find this letter helpful. If you have any questions, please contact Rosemary Stevens or Jody Turton in the conduct Unit.

Yours sincerely

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