



# Future Task Force – Virtual Meeting of the Working Group on Promoting Positive Image of Insurance Industry

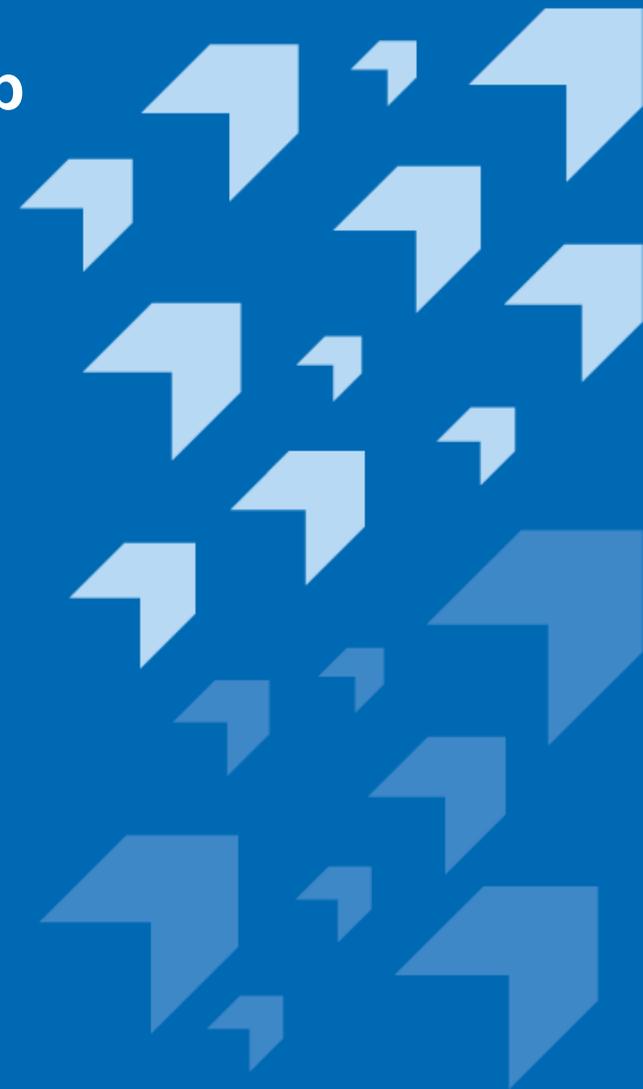
Theme: Reflections on Controversies over Insurance Policies

## Sharing by the IA - IA's Conduct Supervision Approach

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# What is Conduct Supervision?



Conduct supervision regulates how insurance business is conducted between the providers of insurance and buyers of insurance. It views matters through the lens of the “customer” or “client” and asks whether they are being treated fairly.

# Increased focus on Conduct Supervision on Insurers

- Following completion of 3-year transition period in September 2022, IA will place increasing focus on conduct supervision of insurers (and the insurer intermediary management control function).
- Broker companies = good example. Measurable improvement in compliance statistics in the last 3 years of IA carry on conduct supervision.
- Aim for similar effect with insurers and agency forces.



# Conduct Supervision – corporate culture

## The importance of corporate culture in embedding ethics

Corporate culture –

- is the collective values and principles of the people who work for and who represent the insurer;
- dictates how the insurer and its agents deal with and treat customers no matter what the situation is;
- will be a key focus for our conduct supervision going forward.

A culture of acting ethically and with integrity provides the foundation of trust and professionalism in the insurance market



# Conduct Supervision – use of conduct indicators

**Conduct Indicators – Key data on conduct related matters that can be used to indicate emerging conduct issues before they become problems.**

## **Examples:**

1. Complaint Data indicating trends.
2. Data from broker company financial statements.
3. Policy lapse rates, claims rejection rates, turnover in agency force/ staff, post-sale call info., results of web scraping.
4. CPD compliance .....!!!!



# Key conduct Indicator – CPD Compliance

- The “P” in CPD = “Professional”
- If a large % of an insurer’s agency force fails to complete CPD, indicative of poor conduct culture.
- CPD – basic requirement. Not getting the basics right can increase inherent bias against insurers.
- Trust in the insurance industry relies on getting the basics right.

