

MINUTES of the Joint Working Parties Meeting at the XV AIDA World COngrees in Rio de Janeiro, 13/10/2018 of the WORKING PARTIES “DISTRIBUTION OF INSURANCE PRODUCTS” & “GENERAL PRINCIPLES OF INSURANCE LAW”

October, 13 - AIDA WORLD CONGRESS RIO DE JANEIRO 2018

3.15 hs - 5.15 hs P.M.

The AIDA World Working Parties namely “Distribution of Insurance Products” and “General Principles of Insurance Law” held a joint session at the AIDA World Congress 2018 on October 13, at 3:15 P.M .

The Agenda was as follows:

1-Business Conduct Rules of Insurance Intermediaries in Spain and Chile – Roberto Rios and Félix Benito Osma

The panel in fact, was composed by Roberto Rios and Marcelo Nasser from Chile.

They presented a vision of the self –assessment of market conduct principles. The rules about Financial Markets determines a soft law which however is in force as binding in other laws and regulations bodies. It demands a fair treatment, a good management of conflicts, costumer protection, the provision of related fair and clear information and transparency. On the other hand, it is necessary to have a self-assessment method of checking if fair treatment is observed. The way to do that is to analyses customer complaints, to correct the causes and to have a training fit and proper stuff, to know products, costumer and regulation. After the presentation, we opened the floor to the audience for Questions & Answers. The discussion focused on the issues of late payment, that sometimes is owed to and based on the requirements of information non-essential which in effect delay the payment. Other discussion issues focused in the full disclosure of commissions and payments, the protection of the personal data and the matter that to avoid conflicts it is necessary that the costumer has prior good information about the insurance product.

2- Business Conduct Rules of Insurance Intermediaries in the Southern Cone of Latin America – Andrea Signorino

The speech aimed to describe the general conduct rules of insurance intermediaries in Argentina and Uruguay (Chile, Bolivia, Brazil, was the subject of other speeches). In Argentina, we have an Intermediarie’s Law that determine the rules for the Insurance intermediation. Ley 22.400 (22.400 Act). They are also, some regulations about the required training. The new Civil and Commercial code (2015) introduce a chapter 10 related to “Corretaje” (Brokerage), improving the requirements for business conduct. In Uruguay, we don’t have an specific Law or regulation for the Insurance intermediation and it is desirable to have it in the short term.

AIDA Uruguay has drafted a Bill on the Insurance intermediation and it is probably that after the approval of the Insurance contract law, this Bill or one similar, will be in parliamentary procedure. The Superintendence of Financial Services (controller of the insurance activities) has the power to control the activity based in the General Law of the insurance activity (16.426) and in the recommendations or principles of the IAIS (International Association of Insurance Supervisors). The regulation is very important because the complex insurance contract is a product that needs explanation and advice. This is not necessary in other contracts but in insurance is very important. In this context, a regulation of the Insurance intermediation becomes really important.

The rules should:

- create a duty for every intermediary to be registered,
- set minimal requirements of professional qualification and good repute to serve as prerequisites for registration
- demand compulsory cover, typically by way of conclusion of a professional liability insurance.
- institute duties to inform, to advise and to document to which the insurance intermediary is subject.

The IAIS (International Association of Insurance Supervisors) exercise a strong influence over the South American countries. This Association has developed principles for the conduct of the Insurance business, including Intermediation.

“BASIC PRINCIPLES OF INSURANCE, STANDARDS, GUIDE AND METHODOLOGY OF EVALUATION” (www.iaisweb.org).

Based on the principle number 18, the supervisor may establish requirements for the conduct of the insurance intermediaries’ businesses, in order to assure that they carry out their activities in transparent and professional way. In consequence, the modern regulations like the Civil and Commercial Law of Argentina, focus on the Duties of Business Conduct more than the Personal duties that have to fulfill the Intermediaries in their activity.

3- Business Conduct Rules of Insurance Intermediaries in Bolivia – Sandra Ramirez and Carola Hidalgo

In Bolivia, the regulation of Intermediaries in insurance demands an efficient service, adequate commissions and good information in the pre-contractual stage. The broker has to inform the insurer about risk and changes of the risk assumed and to advise the insured about the best insurance product for him and on suitability of their advice. The speech concluded with a vision of comparative law in South America related to insurance intermediation.