

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

Note for Information

Good supervisory practices for knowledge and ability of distributors of insurance products

The European Insurance and Occupational Pensions Authority (EIOPA), on the 9th December 2013, published a Report (Link: <https://eiopa.europa.eu/publications/reports/index.html>) on good supervisory practices regarding knowledge & ability of distributors of insurance products.

The Report sets out good supervisory practices in the form of high-level principles that competent authorities should apply to all distributors of insurance products. These are supplemented by indicative examples of what a competent authority could require a distributor to demonstrate in terms of knowledge and ability, thus allowing for flexibility to adopt a proportionate approach at national level. For example, the Report promotes:

- Appropriate knowledge (e.g. about legal aspects, consumer protection requirements, tax regimes, markets and products) and ability (e.g. about risk perception, underwriting process, claims procedures) for distributors.
- Demonstration of ethical and professional conduct at all times, for instance to consider the best interest of the consumer in circumstances connected to the contract.
- Effective communication to the consumer regarding terms and conditions of the contract, complaints-handling, risks and rewards of a strategy or product, by using clear and comprehensible language.
- Provision of suitable and/or personalised recommendations and adaptation of these to the evolving consumer situation and need.

EIOPA considers it good supervisory practice for a competent authority to ensure there is appropriate oversight of continuous professional development.

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