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**Review of Charges and Premium Rebates in the Insurance
Intermediary sector**

The Financial Regulator has recently written to all insurance intermediaries with feedback from a number of themed inspections of the insurance intermediary sector. The purpose of these inspections was to monitor whether insurance intermediaries were disclosing all relevant fees and charges in their terms of business document and whether the charges applied for their services were within the limits stated in this document. The themed inspections also sought to establish whether premium rebates were being transferred to consumers in full as specified in the Consumer Protection Code or the former Handbooks for Authorised Advisors and Restricted Activity Investment Product Intermediaries.

We have provided this feedback as part of our aim to improve the overall level of compliance across the industry.

We noted that in general, compliance levels were good in the majority of firms inspected. While the findings are based on a limited sample of firms, nonetheless the following serious issues were noted in some of these firms:

• Prior disclosure of all charges:

In general, firms make disclosure of the fact that they will charge their customers a fee for conducting business on their behalf. However, we found that the detail contained in firms' terms of business documents varied greatly, and in the majority

of firms examined, this information was non-specific in nature. Insurance intermediaries have been advised that in accordance with the Code, they should make full disclosure of all relevant material information, including all charges, in a way that seeks to inform the consumer.

· **Fees charged in excess of those stated in the terms of business document:**

A number of instances were identified where fees charged to consumers appeared to be in excess of those stated in their terms of business document. The Financial Regulator has written to all firms advising of the unacceptability of this practice and advising them to ensure that it does not occur in their firm.

· **Premium rebates:**

In a number of instances it appeared that deductions had been made to premium rebates, which had not been made fully transparent to the relevant customers. It was also noted that some premium rebates appeared not to have been processed within the timeframe set out in the Code or the Handbooks. The Financial Regulator has stressed to intermediaries the Code requirement that rebates must be transferred to customers in full and within five business days after receiving payment of such rebate amount from a regulated entity or being notified by a regulated entity that such premium rebate is due to the consumer.

· **Optional benefits:**

A small number of intermediaries may have been selling optional extras in conjunction with a product where it did not appear that the consumer had positively indicated that they wished to purchase this optional extra as is required by the Code. Firms were reminded of the requirements of the Code in this regard.