

Fair Treatment of Consumers (FTC) Overview

Corporate Governance	<ul style="list-style-type: none"> • Assess organizational structure to ensure that reporting relationships between management and senior officers allow for effective oversight. • Confirm that there is a reflection of FTC within the insurer's culture and values.
Agent Training and Outsourcing Arrangements	<ul style="list-style-type: none"> • Evaluate policies and procedures, agent suitability factors as well as nature, timing and extent of training conducted.
Incentives and Remuneration	<ul style="list-style-type: none"> • Review policies and procedures, agent compensation structure, and incentives. • Confirm that the insurer assesses risks periodically to ensure appropriate products are sold to consumers.
Product Marketing and Advertising	<ul style="list-style-type: none"> • Assess that the insurer provides sufficient product information to allow a customer to make an informed decision throughout the sales process.
Information Provided to Customers	<ul style="list-style-type: none"> • Review information provided to customers, including insurer policies and procedures. • Ensure the insurer has a formal process for informing customers before, at the moment, and after sales, that takes into account FTC.
Claims Handling	<ul style="list-style-type: none"> • Validate the insurer has a claims handling policy which incorporates FTC elements, as well as standard processing times that appropriately reflect FTC.
Complaint Handling and Dispute Settlement	<ul style="list-style-type: none"> • Review complaint handling and dispute settlement policies and procedures. • Verify the insurer informs customers of the existence of its complaints processing service and of its response timelines.

FTC Sample Questions

Corporate Governance

Policies & Procedures

- Does the insurer have a standalone FTC policy or are FTC elements embedded within other policies?
- Are there senior officers responsible for developing, documenting, implementing, and reviewing FTC policies and procedures?

Organization Structure

- Does the overall organization structure and reporting relationships ensure effective oversight?
- Are roles and responsibilities clearly defined and communicated?

Code Of Ethics

- Are FTC elements reflected within the insurer's code of ethics?
- Do employees have access to the code and informed about the organization's FTC objectives on a regular basis?
- Are FTC objectives widely communicated to external parties such as MGA's, independent advisors, etc.?

Continuous Monitoring

- What are the insurer's processes to proactively identify changes in the external environment (regulatory, market etc.) that could have an impact on FTC?
- Are there control mechanisms in place to detect non-compliance across the organization's operations and assess impact on FTC?
- Is Executive Management routinely updated on insurer conduct, specifically in relation to FTC?

FTC Sample Questions

Agent Training

- Does the insurer have policies and procedures around employee / agent training?
- What training is provided in relation to FTC, including consumer protection elements and best practices?
- Is the training mandatory or optional?
- How often is the training provided?
- How does the insurer ensure that mandatory training is completed by all employees / agents?

Outsourcing arrangements

- What is the screening and selection process for an MGA?
- Do MGA contracts explicitly lay out roles and responsibilities?
- How does the insurer make sure outsourced responsibilities to MGAs are performed as intended?
- What trainings does the insurer make available to MGAs and their agents to ensure appropriate knowledge/understanding of the insurer's products?
- How does the insurer monitor and evaluate if MGAs meet their requirements and obligations?

FTC Sample Questions

Incentives & Remuneration

- Do insurer policies require agents to disclose their method of compensation and conflicts of interest?
- Does the insurer promote development of incentives based on FTC or primarily on sales volume?
- Are there Key Performance Indicators (KPIs) in place for agents that take customer-related performance measures into consideration?
- Does management periodically review reports on incentives programs and performance measures to detect improper practices / red flags (if any)?
- What are the escalation / disciplinary processes in place?

Product Marketing & Information Provided To Consumers

- Does the insurer have a formal process in place to keep consumers well-informed?
- Is the information provided to consumers written in a clear and concise manner?
- Are there control measures to detect incorrect, unclear or misleading product information?
- Are insurers' rights to modify product characteristics or adjust factors prominently disclosed?
- Is there a formal periodic review process of marketing materials to ensure that the most up-to-date information is available to consumers?



FTC Sample Questions

Claims Handling

- Does the claims handling policy translate to an underlying operational process and is it communicated to all employees involved in claims handling?
- Do policies and procedures include standard processing times that reflect FTC?
- How well does the insurer communicate the claims handling process and response timelines to consumers?
- What are the different types of management reports used to monitor claims?
- Does the company compile statistical information on actual results vs. established performance benchmarks to assess how efficiently claims are handled?

Complaint Handling

- Does the insurer have a formal complaint handling policy?
- Are complaint handling policies and procedures, including timelines, appropriately communicated both internally and externally?
- Does the insurer maintain a register of all complaints received and disposition for assessments?
- What is the insurer's complaint escalation process?
- Does the insurer maintain reports to monitor risks, issues, trends around the complaints received?