

CODE OF PROFESSIONAL ETHICS OF INSURANCE AND REINSURANCE UNDERTAKINGS

Approved at the Annual General Meeting of 27 May 2020

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PREAMBLE

The profession of insurer entails a respect for the principles of quality and integrity. In addition to the obligations incumbent upon them by virtue of legal and regulatory provisions and the requirements of the competent supervisory authorities, insurance companies share common values which are reflected in rules of professional ethics. These rules of professional ethics are exclusively a matter of good conduct and cannot be invoked in court.

It is with this in mind that, as a sign of their willingness to work in the interests of consumers and all other stakeholders concerned with the insurance business, the (re)insurers which are members of ACA have drawn up this Code of Professional Ethics. It is intended to guarantee strict professional ethics, reflecting a constant concern for the quality of insurance products and enshrining the values to which insurance companies are attached in order to preserve the good reputation of the sector and to develop the Luxembourg financial centre in an appropriate, sound, professional and effective manner.

Marc HENGEN
CEO, ACA



1. TRUST, TRANSPARENCY AND FAIRNESS

The (re)insurer shall strive to establish a relationship of trust with its customers, intermediaries and service providers and to act transparently, fairly and loyally towards them.

RELATIONS WITH CUSTOMERS

The term “customers” refers to all natural or legal persons with whom a (re)insurer enters into a business relationship, including prospective customers.

- The (re)insurer shall be committed to understanding the needs of its customers and offering them insurance products tailored to their needs.
- The information the (re)insurer gives to its customers must be correct, clear and precise in order to allow easy understanding by customers of the extent of all their rights and obligations under the contracts they enter into.
- The (re)insurer shall ensure that its staff acts honestly, with loyalty, fairness and integrity in the best interests of its customers.
- The (re)insurer shall undertake, insofar as it is within its control, to settle claims effectively within a reasonable period of time. It shall inform its customers and third-party victims transparently of any significant developments in the follow-up of their files or cases. It shall carry out its commitments in good faith.
- Entry into a business relationship implies knowledge of the customer. In strict compliance with the legislation on combating money laundering and the financing of terrorism, the (re)insurer shall document its vigilance vis-à-vis the customer while refraining from any discrimination which is not based on objective criteria.
- The (re)insurer shall suggest to its customers preventive measures which are useful for risk reduction, particularly in non-life insurance.
- The (re)insurer shall strive to eliminate conflicts of interest and, where they cannot be avoided, shall inform the customers concerned, ensuring that they are treated fairly.

- The (re)insurer shall always have the right to contact its customers directly, either to enable the (re)insurer to meet its legal or regulatory obligations or if it is in the customers’ interest to do so.
- Any commercial communication from the (re)insurer must be clearly identifiable as such.
- The (re)insurer shall take into account and deal with complaints addressed to it by its customers or other persons concerned by an insurance contract (e.g. a third-party victim). It shall establish an effective and transparent procedure for dealing with complaints within a reasonable period of time.
- In the event of a situation that could lead to litigation, the (re)insurer shall first try to reach an amicable settlement. If this fails, it shall examine whether recourse to mediation is possible and desirable.
- Data relating to customers and other persons concerned by an insurance contract shall be treated confidentially and in strict compliance with the applicable data protection legislation. The (re)insurer shall put in place the necessary procedures and mechanisms to ensure that these obligations are complied with.

RELATIONS WITH INTERMEDIARIES

The term “intermediaries” includes, in particular, duly authorised brokers, sub-brokers and agents.

- The (re)insurer shall select its intermediaries with rigour.

The (re)insurer shall verify, as far as possible, that the intermediaries with whom it collaborates comply with the professional requirements laid down by the legislation applicable to them, in particular the intermediary’s duty to provide advice.

If the (re)insurer finds that an intermediary with whom it collaborates does not satisfy or no longer satisfies the requirements of the applicable legislation, it shall urge the intermediary to comply with it. If it fails to do so, the (re)insurer shall either suspend or terminate its collaboration with the intermediary in question.

- The (re)insurer shall formalise its collaboration with intermediaries through an agreement specifying the rights and obligations of each party, as well as the operational and financial aspects of the collaboration.
- The (re)insurer shall ensure that the intermediaries with whom it collaborates conduct themselves in compliance with the principles of professional ethics, including those set out in this code.
- The (re)insurer shall ensure that the intermediaries with whom it collaborates clearly indicate to customers in what capacity (agent or broker) they are acting and for whom.
- The (re)insurer shall ensure that the intermediaries with whom it collaborates make use only of titles permitted under the applicable legislation and under the conditions prescribed by the latter.
- The (re)insurer undertakes not to influence the consumer in his/her free choice of an intermediary with whom it collaborates.
- The (re)insurer shall inform its customers of any termination of collaboration with an intermediary, whenever the protection of the interests of the customers or of the (re)insurer justifies this.
- The (re)insurer shall show objectivity and preserve the interests of the customer to the best of its ability in the event of a dispute between several intermediaries with whom it collaborates.
- The (re)insurer shall inform the intermediaries with whom it collaborates and make them aware of the obligations regarding professional secrecy and the protection of personal data.
- The (re)insurer shall raise awareness among the intermediaries with whom it collaborates regarding the prevention of money laundering and the financing of terrorism as well as of restrictive measures in financial matters and inform them about the procedures that it puts in place in this regard.

RELATIONS WITH COMPETITORS

- The (re)insurer shall ensure that it complies with the rules of healthy, fair competition.
- The (re)insurer shall not seek to distinguish itself from its competitors by claiming qualities which are legally required of all competitors.
- The (re)insurer shall not give unfounded negative indications about its competitors or their products.
- The (re)insurer shall refrain from endorsing its customers in their criticism of competitors and instead shall emphasise the professionalism of the sector.
- The (re)insurer shall refrain from providing assistance to intermediaries who, to the detriment of other companies, do not comply with the legal, regulatory, contractual or ethical obligations applicable to them.
- The (re)insurer shall be committed to showing mutual respect for its competitors in all respects and to refrain from any defamatory behaviour.
- The (re)insurer shall not induce a person to unlawfully terminate a contractual relationship with a competitor or to not carry out his/her obligations to a competitor.

RELATIONS WITH SERVICE PROVIDERS

- When the (re)insurer decides to outsource essential services (e.g. in connection with the administrative or financial management of its contracts), it undertakes to verify beforehand the professionalism of the service provider by means of a formal and documented approval procedure. The commitments of service providers shall be set out in a written agreement.

CORPORATE SOCIAL RESPONSIBILITY

- The (re)insurer shall strive to adopt socially responsible behaviour.
- The (re)insurer shall ensure that social, environmental and ethical concerns are integrated into its policies and practices. It shall adopt a humane and responsible policy, both internally and in the choice of its partners and external service providers.

- The (re)insurer shall take into consideration elements of social responsibility, including risk prevention.
- The (re)insurer shall also be committed to promoting the well-being of its staff and to developing ethical and responsible behaviour on the part of all its staff.

2. EXCELLENCE, TRAINING AND INTEGRITY

PUTTING IN PLACE ADEQUATE MEANS AND STRUCTURES

- The (re)insurer shall ensure that effective procedures are put in place so as to secure sound and prompt performance in respect of the products and services offered.
- The (re)insurer shall put in place an adequate and effective internal control system.
- The (re)insurer shall ensure an appropriate division within its organisation between execution and control responsibilities.
- The (re)insurer shall put in place an objective selection procedure for its intermediaries and external service providers.
- The (re)insurer shall strive to prevent internal and external fraud. It shall implement appropriate physical and technical means to prevent such fraud by making operations and processes as secure as possible. It shall train its collaborators so as to enable them to prevent and detect such cases of fraud as effectively as possible.

COMMITTED, WELL-TRAINED AND RELIABLE STAFF

- The (re)insurer shall surround itself with collaborators who have the technical, administrative and regulatory skills, as well as a good knowledge of the products marketed, so as to enable them to provide quality work and service. Recruitment and advancements shall be made according to the aptitudes of the persons concerned and the requirements of the positions to be filled.
- The (re)insurer shall strive to promote diversity in its recruitment policy while ruling out any discrimination.
- The (re)insurer shall ensure that, in the performance of its functions, its employees know, understand and comply with the laws, regulations and other legal provisions applicable to their work.
- The (re)insurer shall regularly provide such internal or external training courses as are appropriate for the training of its collaborators and for making them aware of their obligations.

- The (re)insurer shall encourage a spirit of initiative and a sense of responsibility on the part of its collaborators.
- The (re)insurer shall ensure that its collaborators, whatever their functions, behave irreproachably and that they base all their professional relationships on honesty, integrity and fairness.
- The (re)insurer shall ensure that its collaborators are made aware of the principles of the protection of personal data and confidentiality and that they strictly respect those principles.
- The (re)insurer shall ensure that its collaborators receive continuing training in order that they can regularly update and enrich their professional practice in the light of legal and regulatory developments.
- The (re)insurer shall ensure that, in the performance of their duties, its collaborators do not engage in psychological or sexual harassment.
- The (re)insurer shall ensure that its collaborators do not abuse their functions, particularly when they intervene, at any level whatsoever, in cases which directly or indirectly concern their own interests or the interests of their relatives (spouses, parents, etc.).
- The (re)insurer shall prohibit its employees from accepting from third parties, suppliers or customers, sums of money for the performance of their duties and, more generally, from being granted or promised, directly or indirectly, any advantages whatsoever. However, an exception may be made for gifts of minor financial value. The (re)insurer is encouraged to establish an internal policy regulating the practice of gifts, favours or advantages that may be offered or received by employees.

3. COMPLIANCE WITH LAWS AND REGULATIONS

- The (re)insurer undertakes to comply with the letter and spirit of the laws and regulations applicable to the exercise of its activities.
- The (re)insurer shall ensure full cooperation with the authorities, in the exercise of their powers, when it comes to the application of the laws and regulations governing its activities.
- The (re)insurer shall take adequate measures to prevent any use of its services for tax evasion, money laundering or the financing of terrorism.

4. COMPLIANCE WITH THE CODE OF PROFESSIONAL ETHICS

- The (re)insurer undertakes to comply with the principles set out in this code.
- The (re)insurer may extend and reinforce the principles set forth in this code by additional rules that it imposes on itself in consideration of the specificities of its customers or products.
- The (re)insurer shall inform all its collaborators and intermediaries of the principles set out in this code and require them to comply therewith.
- A (re)insurer which knowingly or negligently disregards the rules and principles enshrined in this code of professional ethics damages both the profession and the brand image of the financial centre.
- In the event of non-compliance with this code of professional ethics by a company, ACA may take the measures provided for in ACA's articles of association with regard thereto.

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