

Insurance: Conduct of Business

Chapter 8

Claims handling



8.3 Insurance intermediaries (and insurers handling claims on another insurer's policy)

Application: who?

8.3.1 **G** This section applies to an *insurance intermediary*, and to an *insurer* handling a claim on another *insurance undertaking's policy*.

Interaction with the general law

8.3.2 **G** A *firm* is expected to comply with the general law on the duties of an insurance intermediary. This section does not seek to set out the full extent of those duties.

Conflicts of interest

- 8.3.3 **G**
- (1) *Principle 8* requires a *firm* to manage conflicts of interest fairly.
 - *SYSC 10* also requires an *insurance intermediary* to take all reasonable steps to identify conflicts of interest, and maintain and operate effective organisational and administrative arrangements to prevent conflicts of interest from constituting or giving rise to a material risk of damage to its *clients*.
 - (2) [deleted]
 - (3) If a *firm* acts for a *customer* in *arranging a policy*, it is likely to be the *customer's agent* (and that of any other *policyholders*). If the *firm* intends to be the *insurance undertaking's agent* in relation to claims, it needs to consider the risk of becoming unable to act without breaching its duty to either the *insurance undertaking* or the *customer* making the *claim*. It should also inform the *customer* of its intention.
 - (4) A *firm* should in particular consider whether declining to act would be the most reasonable step where it is not possible to manage a conflict, for example where the *firm* knows both that its *customer* will accept a low settlement to obtain a quick payment, and that the *insurance undertaking* is willing to settle for a higher amount.

Dealing with claims notifications without claims handling authority

8.3.4

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A firm that does not have authority to deal with a claim should forward any claim notification to the *insurance undertaking* promptly, or inform the *policyholder* immediately that it cannot deal with the notification.