

Chapter 19F

Remuneration and performance management of sales staff



19F.2 IDD remuneration incentives

Application

19F.2.1 **R** This section applies to *insurance distributors* carrying on *insurance distribution activities* from an establishment maintained by it, or its *appointed representative*, in the *United Kingdom*.

[Note: article 7(2) of the *IDD*]

Remuneration and the customer's best interests

19F.2.2 **R**

- (1) *Insurance distributors* must not:
 - (a) be *remunerated*; or
 - (b) *remunerate* or assess the performance of their *employees*, in a way that conflicts with their duty to comply with the customer's best interests rules (ICOB5 2.5.-1R, in relation to a *non-investment insurance contract*, or ■ COBS 2.1.1R, in relation to a *life policy*).
- (2) In particular, an *insurance distributor* must not make any arrangements by way of *remuneration*, sales target or otherwise that could provide an incentive to itself or its *employees* to recommend a particular *contract of insurance* to a *customer* when the *insurance distributor* could offer a different *insurance contract* which would better meet the *customer's* needs.

[Note: article 17(3) of the *IDD*]