

Chapter 28

Insurance distribution: specific knowledge, ability and good repute requirements

28.2 Knowledge and ability requirements

Knowledge and ability requirements

- 28.2.1 **R** (1) A *firm* must ensure that it and each relevant employee possesses appropriate knowledge and ability in order to complete their tasks and perform their duties adequately.
- (2) A *firm* must ensure that it and each relevant employee complies with continued professional training and development requirements in order to maintain an adequate level of performance corresponding to the role they perform and the relevant market.
- (3) A *firm* must ensure that each relevant employee completes a minimum of 15 hours of professional training or development in each 12 *month* period.
- (4) For the purposes of (3), a *firm* must take into account the:
- (a) role and activity carried out by the relevant employee within the *firm*; and
 - (b) type of distribution and the nature of the products sold.
- [**Note:** article 10(1) and the first, second and fourth paragraphs of article 10(2) of the *IDD*]
- 28.2.2 **G** Training and development can encompass various types of facilitated learning opportunities including courses, e-learning and mentoring. [**Note:** recital 29 to the *IDD*]
- 28.2.3 **R** A *firm* must, including in relation to the relevant employee, demonstrate compliance with the following professional knowledge and competence requirements:
- (1) for *general insurance contracts*:
 - (a) minimum necessary knowledge of terms and conditions of policies offered, including ancillary risks covered by such policies;
 - (b) minimum necessary knowledge of applicable laws governing the distribution of insurance products, such as consumer protection law, relevant tax law and relevant social and labour law;
 - (c) minimum necessary knowledge of claims handling;
 - (d) minimum necessary knowledge of complaints handling;

- (e) minimum necessary knowledge of assessing customer needs;
 - (f) minimum necessary knowledge of the insurance market;
 - (g) minimum necessary knowledge of business ethics standards; and
 - (h) minimum necessary financial competence;
- (2) for *insurance-based investment products*:
- (a) minimum necessary knowledge of insurance-based investment products, including terms and conditions and net premiums and, where applicable, guaranteed and non-guaranteed benefits;
 - (b) minimum necessary knowledge of advantages and disadvantages of different investment options for policyholders;
 - (c) minimum necessary knowledge of financial risks borne by policyholders;
 - (d) minimum necessary knowledge of policies covering life risks and other savings products;
 - (e) minimum necessary knowledge of organisation and benefits guaranteed by the pension system;
 - (f) minimum necessary knowledge of applicable laws governing the distribution of insurance products, such as consumer protection law and relevant tax law;
 - (g) minimum necessary knowledge of the insurance market and the saving products market;
 - (h) minimum necessary knowledge of complaints handling;
 - (i) minimum necessary knowledge of assessing customer needs;
 - (j) conflict of interest management;
 - (k) minimum necessary knowledge of business ethics standards; and
 - (l) minimum necessary financial competence; and
- (3) for *long-term insurance contracts*:
- (a) minimum necessary knowledge of policies including the terms, conditions, the guaranteed benefits and, where applicable, ancillary risks;
 - (b) minimum necessary knowledge of organisation and benefits guaranteed by the pension system of the relevant state;
 - (c) knowledge of applicable insurance contract law, consumer protection law, data protection law, anti-money laundering law and, where applicable, relevant tax law and relevant social and labour law;
 - (d) minimum necessary knowledge of insurance and other relevant financial services markets;
 - (e) minimum necessary knowledge of complaints handling;
 - (f) minimum necessary knowledge of assessing consumer needs;

- (g) conflict of interest management;
- (h) minimum necessary knowledge of business ethics standards; and
- (i) minimum necessary financial competence.

[Note: article 10(2) last paragraph and annex I of the *IDD*]