

1978 No. 1394

INSURANCE

**The Insurance Brokers Registration Council (Code of Conduct)
Approval Order 1978**

Made - - - - - 27th September 1978

Laid before Parliament 28th September 1978

Coming into Operation 20th October 1978

The Secretary of State, in exercise of the powers conferred by sections 27(1) and 28(1) of the Insurance Brokers (Registration) Act 1977(a) and of all other powers enabling him in that behalf, hereby makes the following Order:—

1. This Order may be cited as the Insurance Brokers Registration Council (Code of Conduct) Approval Order 1978 and shall come into operation on 20th October 1978.

2. The Code of Conduct drawn up by the Insurance Brokers Registration Council pursuant to section 10 of the Insurance Brokers (Registration) Act 1977 is hereby approved as set out in the Schedule to this Order.

Stanley Clinton Davis,
Parliamentary Under Secretary of State,
Department of Trade.

27th September 1978.

SCHEDULE

CODE OF CONDUCT DRAWN UP BY THE INSURANCE BROKERS REGISTRATION COUNCIL
PURSUANT TO SECTION 10 OF THE INSURANCE BROKERS (REGISTRATION) ACT 1977

Words and expressions used in this Code of Conduct shall have the same meaning as are ascribed to them in the Act except that:

“insurance broker” means registered insurance broker and enrolled body corporate;

“insurer” means a person or body of persons carrying on insurance business;

“advertisements” or “advertising” means canvassing, the offer of services or other methods whereby business is sought by insurance brokers.

1. This Code of Conduct shall serve as a guide to insurance brokers and other persons concerned with their conduct but the mention or lack of mention in it of a particular act or omission shall not be taken as conclusive of any question of professional conduct.

In the opinion of the Council the objective of the Code is to assist in establishing a recognised standard of professional conduct required of all insurance brokers who should, in the interests of the public and in the performance of their duties, bear in mind both this objective and the underlying spirit of this Code.

Matters which might relate to acts or omissions amounting to negligence will be dealt with, if necessary, by the Courts but the Council acknowledges that gross negligence or repeated cases of negligence may amount to unprofessional conduct.

2. The following are, in the opinion of the Council, the acts and omissions which, if done or made by registered insurance brokers or enrolled bodies corporate constitute unprofessional conduct: namely any acts or omissions that breach the fundamental principles governing the professional conduct of insurance brokers set out in paragraph 3 below.

3. The principles mentioned in paragraph 2 above are as follows:—

- A. *Insurance brokers shall at all times conduct their business with utmost good faith and integrity.*
- B. *Insurance brokers shall do everything possible to satisfy the insurance requirements of their clients and shall place the interests of those clients before all other considerations. Subject to these requirements and interests, insurance brokers shall have proper regard for others.*
- C. *Statements made by or on behalf of insurance brokers when advertising shall not be misleading or extravagant.*

The following are some specific examples of the application of these principles:

- (1) In the conduct of their business insurance brokers shall provide advice objectively and independently.
- (2) Insurance brokers shall only use or permit the use of the description ‘insurance broker’ in connection with a business provided that business is carried on in accordance with the requirements of the Rules made by the Council under sections 11 and 12 of the Act.
- (3) Insurance brokers shall ensure that all work carried out in connection with their insurance broking business shall be under the control and day-to-day supervision of a registered insurance broker and they shall do everything possible to ensure that their employees are made aware of this Code.
- (4) Insurance brokers shall on request from the client explain the differences in, and the relative costs of, the principal types of insurance which in the opinion of the insurance broker might suit a client’s needs.
- (5) Insurance brokers shall ensure the use of a sufficient number of insurers to satisfy the insurance requirements of their clients.

- (6) Insurance brokers shall, upon request, disclose to any client who is an individual and who is, or is contemplating becoming, the holder of a United Kingdom policy of insurance the amount of commission paid by the insurer under any relevant policy of insurance.
- (7) Although the choice of an insurer can only be a matter of judgment insurance brokers shall use their skill objectively in the best interests of their client.
- (8) Insurance brokers shall not withhold from the policyholder any written evidence or documentation relating to the contract of insurance without adequate and justifiable reasons being disclosed in writing and without delay to the policyholder. If an insurance broker withholds a document from a policyholder by way of a lien for monies due from that policyholder he shall provide the reason in the manner required above.
- (9) Insurance brokers shall inform a client of the name of all insurers with whom a contract of insurance is placed. This information shall be given at the inception of the contract and any changes thereafter shall be advised at the earliest opportunity to the client.
- (10) Before any work involving a charge is undertaken or an agreement to carry out business is concluded, insurance brokers shall disclose and identify any amount they propose to charge to the client or policyholder which will be in addition to the premium payable to the insurer.
- (11) Insurance brokers shall disclose to a client any payment which they receive as a result of securing on behalf of that client any service additional to the arrangement of a contract of insurance.
- (12) Insurance brokers shall have proper regard for the wishes of a policyholder or client who seeks to terminate any agreement with them to carry out business.
- (13) Any information acquired by an insurance broker from his client shall not be used or disclosed except in the normal course of negotiating, maintaining, or renewing a contract of insurance for that client or unless the consent of the client has been obtained or the information is required by a court of competent jurisdiction.
- (14) In the completion of the proposal form, claim form, or any other material document, insurance brokers shall make it clear that all the answers or statements are the client's own responsibility. The client should always be asked to check the details and told that the inclusion of incorrect information may result in a claim being repudiated.
- (15) Advertisements made by or on behalf of insurance brokers shall comply with the applicable parts of the Code of Advertising Practice published by the Advertising Standards Authority and for this purpose the Code of Advertising Practice shall be deemed to form part of this Code of Conduct.
- (16) Advertisements made by or on behalf of insurance brokers shall distinguish between contractual benefits, that is those that the contract of insurance is bound to provide, and non-contractual benefits, that is the amount of benefit which it might provide assuming the insurer's particular forecast is correct. Where such advertisements include a forecast of non-contractual benefits, insurance brokers shall restrict the forecast to that provided by the insurer concerned.
- (17) Advertisements made by or on behalf of insurance brokers shall not be restricted to the policies of one insurer except where the reasons for such restriction are fully explained in the advertisement, the insurer named therein, and the prior approval of that insurer obtained.
- (18) When advertising their services directly or indirectly either in person or in writing insurance brokers shall disclose their identity, occupation and purpose before seeking information or before giving advice.

- (19) Insurance brokers shall display in any office where they are carrying on business and to which the public have access a notice to the effect that a copy of the Code of Conduct is available upon request and that if a member of the public wishes to make a complaint or requires the assistance of the Council in resolving a dispute, he may write to the Insurance Brokers Registration Council at its offices at 15 St. Helen's Place, London EC3A 6DS.

Sealed on the 13th day of September 1978.

Attested by:

Francis Perkins,
Member of Council.

J. E. Fryer,
Registrar.

EXPLANATORY NOTE

(This Note is not part of the Order.)

This Order approves the Code of Conduct drawn up by the Insurance Brokers Registration Council for the purposes of the Insurance Brokers (Registration) Act 1977.

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