

Read time: 3 mins

The Insurance Distribution Directive

All you need to know about October's
regulatory change in just 180 seconds!



SourceTM
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IDD

Hello,

As some of you may know or may not know , the Insurance Distribution Directive (IDD) comes into force for all insurance businesses on the 1st October this year. This was postponed from the original date of 24th February 2018.

This means changes for the way in which we practice to ensure that we are compliant. In this useful ebook we are going to outline the main changes that will affect the way you write GI.



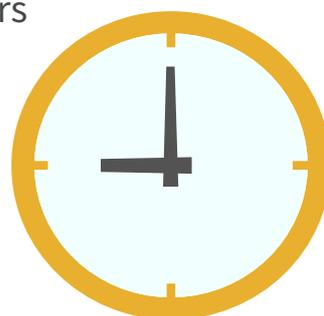
Phil Lewis
Head of HR and Compliance

Insurance Product Information Document

So...what is an IPID?

The IPID is a specific template which all insurance product manufacturers have to follow.

It replaces the policy summary in providing a summary of the key features of an insurance product. The IPID must be on two sheets of A4 (or a digital equivalent) and has a minimum font size specified in the rules. This should make it easier for customers to understand what their insurance product covers them for.



Continuous Professional Development

The IDD introduces a minimum of 15 hours continuing professional development (CPD) for virtually all staff working in an insurance firm. This CPD should cover areas such as product knowledge, market knowledge, the claims process and insurance regulation - so coaching on soft skills etc. can't be included. These requirements won't apply to ancillary functions such as HR, facilities management and IT. Records of staff CPD must be kept for a minimum of three years.

How we can help with your CPD?



Source's Learning Lab

Keep your eyes peeled for Source's Learning Lab! This content hub will be the first in the market, giving brokers the ability to continue their professional development online from the comfort of their own home or office-space.



Free-to-attend Source Masterclasses

We hold masterclasses annually in which you can earn valuable CPD hours. These morning sessions are brimming with useful GI tips, updates in the sector and an insight into Source's unique GI proposition.

Professional Indemnity

Under the IDD the minimum levels of Professional Indemnity Insurance (PII) are also rising. The minimum limits are increasing from at least €1 million per claim or €1.5m in aggregate to at least €1.25 million per claim or €1.85m in aggregate.

Products and customers

Products **MUST** meet the customer's demands and needs - A new requirement in the IDD means that firms should only offer contracts which meet the customer's demands and needs.

For example, the FCA have stated that they would expect firms to ask the customer questions about the level of cover they require, the amount of excess etc, and they should then limit the products they offer to those which would meet these specified demands and needs.



Conflicts of Interest

Insurance firms (including brokers) will need to put specific measures in place to identify, record and risk assess any potential conflicts of interest.

Commission Disclosure

Under the IDD there is a mandatory requirement for intermediaries to disclose the nature (type) and basis (source) of remuneration. So, for example, an intermediary should say something like:

“We arrange the policy with the insurer on your behalf. You do not pay us a fee for doing this. We receive commission from the insurer which is a percentage of the total annual premium”.

In addition, where intermediaries do not use a “fair and personal analysis of the market”, they must list the insurers with whom they deal (currently intermediaries only need to provide this list upon request). These requirements apply to both advised and non-advised sales.



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- ✓ Mortgage and protection market overview
- ✓ Source's unique GI proposition
- ✓ Guest slot: Source Commercial proposition overview
- ✓ IDD compliance update
- ✓ Exploring the Source platform and features
- ✓ Q&A session

[See dates and locations >](#)



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