

# **THE ITALIAN INSURANCE AND REINSURANCE BROKERS ASSOCIATION**

## **A.I.B.A.**

Being aware of the importance of the interests that are entrusted to the Broker, who is bound to comply scrupulously with the duties that are imposed by law, by customs and by professional tradition.

Bearing in mind that the independence they enjoy does not confer any privilege, but rather it binds them to abiding by specific moral undertakings; that adequate regulation of the profession of insurance and reinsurance Broker is of importance to society, in ensuring that the insurance market develops in the best possible manner and that insureds and savers are protected.

Sets forth achieving the drawing up of the deontological Code of the insurance and reinsurance Broker that is to be deemed a general, binding and non-waiverable guide to conduct.

## **DEONTOLOGICAL CODE**

The activity of the Broker must be based upon principles of professionalism, independence and transparency towards clients, insureds and their colleagues.

### **SERVICE TO CLIENTS**

The Broker must:

- a) Safeguard the interests of the client, placing these above all consideration of their own, even as to the duration of insurance contracts and broking appointments. In particular the volume of the remuneration they receive must in no case influence the quality of the service rendered.
- b) Assist the client in identifying their insurance needs in the area of the appointment received and, with their assent, present these needs to insurers abiding by strict objectivity so as to meet them in an appropriate manner.
- c) Assist the client both in formulating contract conditions and providing, when requested, explanations required for a final decision, and in any handling of losses.
- d) Abide by professional secrecy.
- e) Propose insurers to the client in whom they have faith.

The Broker must not:

- f) make misleading or confusing statements addressed to the clientele and that may create discredit for a colleague or the category as a whole.
- g) Release quotations without a written appointment from the client, at least an exploratory one, if the amount of the policy to be dealt with exceeds 25 thousand euros in premium.

### **FAIRNESS TOWARDS THE INSURERS**

The Broker must:

- a) Present in the utmost good faith proposals that are clear and true and, as far as is possible, documented.
- b) Refrain from supporting the requests of the client when their claims are clearly unjustified.
- c) Avoid including in their advertising names or products of specific insurers, unless the reasons for this are fully explained in the text and there is the prior consent of the insurers themselves.

## **SOLIDARITY WITH COLLEAGUES**

The Broker must:

a) Implement principles of fair competition

In particular:

- in determining their own compensation they must take into account the interests of clients and the quotations of the market, and comply with a fair economic policy;
- not denigrate a colleague. Any criticism must be objective and in any event based exclusively on technical grounds;

b) Promote and accept, in the event of dispute with a colleague, the arbitration of the Association before having recourse to the Civil Court.

c) Avoid relations with insurers that do not abide by the ethics of the market and the customs of intermediary, informing the Association of any improper attitudes encountered.

d) Inform the Association in a timely manner of the calling by awarding entities of tenders that one or more Associates feel, with full evidence, are conducive to ensuring *par condicio* in respect of all bidders.

e) Refrain from presenting their own appeal to the administrative judge if, there being situations in the tender call as set out under the preceding letter, the Association has set forth the taking its own initiative as regard the public agency in order to suggest modification to the tender call or its revocation.

f) In the event of award already having been made and where the situation as set under letter e) exists, consult the Association prior to presenting their own appeal to the administrative judge, for the purpose of verifying that it is compatible with the general interests of the category.

## **RELATIONS WITH THE ASSOCIATION**

Participation in the Association implies acknowledgement of its role in representing group interests. This requires, among other things, members abstaining from any behaviour that might prejudice the image and common interests, and a commitment to aligning their own conduct with the resolutions or the bodies of the Association.

Every Broker further undertakes not to take part, directly or through their directors, in Associations similar as to aims and make up.

## **GENERAL PROVISIONS**

Every Broker undertakes to abide by what is laid down in this Code.

Transgressions will give rise to application of the disciplinary sanctions set out on the Byelaws of the Association

The General Secretariat of the Association is appointed with receiving all notices or complaints concerning alleged violations of this deontological Code.

*(Approved by the General Meeting on 2/12/1988; modified by the General Meeting on 18/6/97, by that of 18/6/98 and that of 28/8/05)*

## **RULE OF SELF-REGULATION**

The following rules are to be deemed additional and complementary as regards the rules of the deontological code from which they derive their binding nature and sanctions. However, they may be the subject of variations both by the addition of further rules and due to changes in the practice, in the customs and in national and/or international legislation governing the activity of the Broker.

### **DURATION OF POLICIES**

The Broker will propose to the client the taking out of contracts of duration one year or will have included in the policy a specific annual cancellation clause. However, they may assist the client in taking out multi-year non-cancellable contracts whenever this may be rendered necessary or suggested for technical reasons intrinsic to the risk or the interests of the client, or when specifically requested by the latter.

### **BROKER APPOINTMENT**

The relationship between Broker and client will be governed by a broker appointment that may be either exclusive or non-exclusive in respect of single contracts or the whole of the portfolio.

This appointment, unless otherwise specified by the client, will usually be for an unlimited period, cancellable at any time subject to a maximum notice period of three months, or of annual duration with the possibility of tacit renewal year on year, unless cancelled by notification to be given with a maximum notice period of three months at the single subsequent anniversary dates.

However, where the Broker find themselves having to bear in respect of a client initial costs of exceptional significance, assessed also with regard to the extent of the mediation, they may propose that the appointment be for a maximum of three years' duration with the possibility of extension at its expiry for an unlimited period, and cancellable at any time subject to a maximum notice period of three months, or alternatively extended year on year unless cancelled subject to notification to be given with a maximum notice period of three months in respect of the single subsequent anniversary dates.

The above does not apply to relations with public agencies.

In the relations with potential public clients (awarding entities), the Broker is invited to contribute to the widespread use of selection criteria that;

- a) ensure proper competition;
- b) are based upon principles of reasonableness and impartiality;
- c) privilege project development skills and professional requisites to meet the economic and financial size of the enterprise.

### **TRANSFER OF PORTFOLIO**

In the event of a transfer of appointment from one Broker to another taking place, where the appointment is granted exclusively, the outgoing Broker will be entitled, unless otherwise agreed between the parties, to:

- 1) commissions accruing in respect of annual contracts concluded or contracts in force whose renewal date fall within the date of expiry of their appointment,
- 2) commissions accruing on multi-year contracts in force, but limited to the premium whose annual expiry falls prior to the date of expiry of their appointment,
- 3) commissions on premiums adjusting and/or balancing advanced premiums collected by them or any instalments of annual premium in respect of which they collected the first instalment.

For the purposes of what is indicated under points 1 and 2, in the event of policies expiring on the same day as that when the appointment of the outgoing Broker expires, the incoming Broker will be entitled to the commissions, except as set out in the next paragraph.

In the event of relations with public agencies and policies expiring on the same day as that when the appointment of the outgoing broker expires, the outgoing Broker will be entitled to fifty percent of commissions solely where the latter can show that the renewal is the fruit of their activity. In this case the incoming Broker will be entitled to the remaining fifty percent.

In any event, the outgoing Broker, with an appointment *ad nutum* or without written appointment, will be entitled to the commissions in respect of premiums for tacitly renewed annual contracts or multi-year policies administered by them and expiring in the thirty days subsequent to the date of notification of the cancellation notice in respect of the appointment or request for transfer of the contract.

Any "Broker clause" included in the policy subject to transfer of portfolio may be modified at the requests of the client, with effect from the commencement of the incoming Broker, without the consent of the outgoing Broker.

It is a good rule to avoid the expiry of the broker appointment coinciding with the expiry of the policies.

In the period between the cancellation of the outgoing Broker and the expiry of their appointment, the incoming Broker may make contact with the insurers and may also conclude business, provided that commissions are retroceded entirely to the outgoing broker.

*(Approved by the General Meeting on 2/12/1988; modified by the General Meetings on 15/6/1994, on 18/6/97 and on 28/6/05)*