

# Application Paper on fair treatment of a wide range of consumers

Public discussion session

12 August 2025



# Purpose of this public discussion session



## Purpose

1. Background
2. Present the ***Application Paper on fair treatment of a wide range of consumers***
3. Answer your questions

# Background

# IAIS – the global insurance standard setter

The IAIS is the global standard-setting body responsible for developing and assisting in the implementation of principles, standards and guidance, as well as supporting material, for the supervision of the insurance sector.

More than **200** jurisdictions,  
constituting **97%** of global insurance premiums,  
represented by **38** members of our Executive  
Committee



# IAIS mission and strategic themes

The mission of the IAIS is to:

- ❖ Promote effective and globally consistent supervision of the insurance industry in order to **develop and maintain fair, safe and stable insurance markets** for the **benefit and protection of policyholders**; and to
- ❖ Contribute to global financial stability



Cross-cutting strategic themes which warrant heightened attention and action by the global supervisory community

# ICPs and application papers

- The Insurance Core Principles (ICPs) form the **globally accepted framework for insurance supervision**. The ICPs seeks to encourage the maintenance of consistently high supervisory standards in IAIS member jurisdictions.
- **Application papers** provide supporting material related to supervisory material. Supporting material aids IAIS members to put the ICPs into practice.
- Application papers **do not include new requirements**, but provide further advice, illustrations, recommendations or examples of good practice to supervisors on how supervisory material may be implemented.
- The **proportionality principle** applies to the content of application papers.



# Related work

## Published

- [Application Paper on the supervision of artificial intelligence](#) (2025)
- [Application Paper on supervising diversity, equity and inclusion – the governance, risk management and culture perspective](#) (2024)
- [Stocktake on diversity, equity and inclusion in the insurance sector](#) (2022)
- [Issues Paper on Insurer Culture](#) (2021)

## Ongoing

- Updating the 2012 Application Paper on regulation and supervision supporting inclusive insurance markets [to address the role of inclusive insurance in supporting financial health and societal resilience](#)
- New project by the Market Conduct Working Group [to facilitate understanding of issues related to customers receiving fair value from insurance products](#)

# The Application Paper

*Rudy van Leeuwen, Chair of IAIS Market Conduct Working Group*

*Dutch Authority for the Financial Markets, Netherlands*

*Swati Agrawal, IAIS member and project lead*

*Financial Services Regulatory Authority of Ontario, Canada*

# 2024 public consultation feedback

- Expressions of shared belief around the importance of insurance meeting the needs of diverse and vulnerable customers to avoid poor outcomes for them.
- Welcoming the holistic approach taken by IAIS in the interpretation of the types of consumers within focus.
- Appreciation and support for the paper's recognition of proportionality and the influence of local circumstances.
- Support that the IAIS recognises that insurers have the autonomy to decide on their business models, operations and distribution channels.
- Confirmation requested that the paper is focused on retail consumers.
- Need to strike the right balance in the paper: avoid being too extensive and balance consumer protection against operational realities and regulatory burden.
- Some questions over previous use of the term “diverse consumer/customer”.
- Some precise wording clarifications in Section 2 and in Section 3 Box 2 that have been actioned.

# Proportionality and jurisdictional specificities

## Proportionality allows:

- the ICPs to be translated into a jurisdiction's supervisory framework in a manner appropriate to its legal structure, market conditions and consumers; and
- the supervisor to increase or decrease the intensity of supervision according to the risks, and to use a variety of supervisory techniques and practices which are tailored to the insurer and which do not go beyond what is necessary in order to achieve their purpose.

ICP 19.0.3: **“Conduct of business, including business practices, is closely linked with jurisdictions’ tradition, culture, legal regime and the degree of development of the insurance sector. For this reason, supervisory approaches to the conduct of business also tend to vary.”**

Relevant laws of the jurisdiction (including any legal obligations or limitations), any existing standards and codes, and the supervisors’ mandate and powers will all be relevant to the expectations supervisors have and the actions they may take. Jurisdictional legal and privacy considerations regarding the use of personal information must be adhered to.

Local circumstances are relevant to identifying the characteristics and needs of consumer populations and identifying what is required to ensure fair treatment of a wide range of the population.

# Consumers at higher risk of unfair treatment

There are people who—due, for example, to their characteristics, condition and/or circumstances of vulnerability—have needs that differ compared with the needs of the normative or mainstream customer profile.

Unfair treatment can arise because of:

- Insurance that does not effectively meet the customer's needs
- Issues related to after-sale servicing
- Lack of access to insurance
- Intentional targeting of vulnerable consumers

## **Box 2: Examples of consumers who may face exclusion from insurance products or encounter difficulties**

Gender, occupation, racial or ethnic disadvantage, LGBTIQ+, disability, pre-existing conditions/illness, low socioeconomic

# Risk-based pricing and insurer/intermediary autonomy to decide the scope of its business

These principles are preserved, but can be implemented in promotion of the insurance sector being accessible, fair and responsive to the needs of a wide range of consumers. Examples of how include:

- Using information that benefits from the latest medical and statistical insights instead of any outdated assumptions;
- Examining whether the use of proxy measures that assume risk profile are applicable or are based on unfair biases and/or stereotyping;
- Ensuring that evolving technology avoids undesired outcomes – eg embedding bias;
- Using data and testing/research to identify the extent to which the needs of various different consumer segments are being served and the treatment experienced is fair;
- Striving to expand the product range and/or modify exclusions to better meet the circumstances and needs of the full breadth of the population;
- Better catering to a wider range of consumers already within the customer pool.

# How to achieve fair treatment of a wide range of consumers throughout the insurance product lifecycle

These recommendations focus on the Insurance Core Principle standards of:

- ❖ acting with due skill, care and diligence when dealing with customers (ICP 19.1)
- ❖ establishing and implementing policies and processes on fair treatment (ICP 19.2)
- ❖ taking into account the interests of different types of consumers when developing and distributing insurance products (ICP 19.5)



# Supervisory actions to shape the supervisory landscape and facilitate market development

Subsection 4.5 of the paper highlights the role that supervisors can play in working towards greater access to the insurance sector for a wide range of consumers

## Shaping the supervisory landscape

- Designing targeted solutions
- Public consultations and feedback
- Collecting consumer data to monitor access, affordability and trends

## Facilitating market development

- Enabling innovation
- Supporting alternative distribution channels
- Collaboration
- Encouraging consumer education

# Q&A

- *Rudy van Leeuwen, Chair of IAIS Market Conduct Working Group Dutch Authority for the Financial Markets, Netherlands*
- *Swati Agrawal, IAIS member and project lead Financial Services Regulatory Authority of Ontario, Canada*
- *Hanne van Voorden, Head of Supervisory Practices and Operations, IAIS Secretariat*
- *Lauren Eckermann, Senior Policy Advisor, IAIS Secretariat*



# Thank you

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