

General good rules regarding independent insurance intermediaries

The requirements apply to independent insurance intermediaries.

When an intermediary is registered the intermediary must specify if the intermediary is independent or not.

Section 16 in the Insurance Intermediary Act contains the Danish requirements to independent intermediaries:

Section 16. To be able to call itself an independent insurance intermediary or insurance broker or use other designations that give the impression that the insurance intermediary is independent, an insurance intermediary must meet the following conditions:

- 1) The insurance intermediary must only represent the customer and act in the interests of each customer and may not be influenced by their own or third party interests.
- 2) The insurance intermediary may not receive commission or other remuneration from an insurance distributor in connection with an individual customer relationship unless the commission received is forwarded in full directly to the customer.
- 3) The insurance intermediary may not, directly or indirectly, have links to an insurance distributor that may create doubt about the insurance intermediary's independence from other insurance distributors' interests that are not a consequence of the undertakings' mutual ownership structure.
- 4) The insurance intermediary's employees may not, via employment or any other form of link to other insurance distributors or associated Group companies, be dependent on the interests of insurance distributors.
- 5) The insurance intermediary must give advice based on an analysis of an adequate number of the insurance contracts available on the market to permit the intermediary advise the customer on the insurance contract that best meets the customer's needs.

Paragraph 2. The insurance intermediary may not carry out other forms of insurance distribution activity that do not meet the requirements in paragraph 1 in the same legal entity. Any such activity must be carried out in a different legal entity from the independent insurance intermediary. The activity must be designated so that it cannot be confused with the independent insurance intermediary.

Paragraph 3. An independent insurance intermediary may not place insurance contracts with undertakings to which the intermediary has close links.

Additional requirements for independent insurance intermediaries

Executive order no. 455 of 30. April 2018 on good business practices for insurance distributors contains the following additional requirements for independent insurance intermediaries:

§ 26. When an independent insurance intermediary obtains offers of insurance contracts for the customer from one or more insurance distributors, the independent insurance intermediary must provide Information to the insurance distributor necessary for the insurance distributor to determine the price of the insurance.

§ 27. When distributing pension schemes covered by the Pension Tax Act Section I the independent insurance intermediary must when obtaining offers, inform the insurance distributor about the amount of the fee agreed between the customer and the independent insurance intermediary.

The independent insurance intermediary must at the same time provide information to the insurance distributor regarding the length of the period in which the customer and the independent insurance intermediary have agreed that the fee is included in the insurance premium. The period may not exceed three years. The insurance distributor must include this fee in the insurance premium and pay the fee the independent insurance intermediary.

§ 28. An insurance undertaking may, on behalf of the customer handle the payment to the independent insurance intermediary. The customer and the Insurance Distributor make an agreement where the insurance distributor finance the customer's payment to the independent insurance intermediary.

§ 29. Before a specific insurance agreement is concluded, the independent insurance intermediary must determine the terms of cooperation with the customer on paper or another durable medium.

2. The terms shall contain information at least about,

- 1) What benefits the independent insurance intermediary shall deliver,
- 2) the amount the customer must pay the or the owners of the insurance scheme must pay for the independent insurance services,
- 3) the term of the agreement, including the period for termination of the parties,
- 4) to what extent the independent insurance intermediary liability insurance does not cover the agreed benefits.

3. If the independent insurance intermediary terminates the cooperation with a customer, the termination must be done on paper or on another durable medium. The independent insurance intermediary must at the same time, inform the customer of any consequences of the termination.

§ 30. If an independent insurance intermediary has received a power of attorney from the customer, the power of attorney must be concluded on paper or on another durable medium. The power of attorney must be reviewed with the customer.

2. The power of attorney shall at least contain information regarding,

- 1) what types of insurance the power of attorney includes,
- 2) To what extent the independent insurance intermediary is authorized to act on behalf of the customer, including if the independent insurance intermediary can terminate existing insurance contracts
- 3) that information provided by the independent insurance intermediary is equal to information provided by the customer itself and
- 4) the power of attorney may at any time by the customer be revoked in the same way that it was concluded and that the power of attorney terminates at the latest at the end of the cooperation agreement.