



World Federation of Insurance Intermediaries

WFII PRINCIPLES

Remuneration of intermediaries

4 June 2003

WFII, the World Federation of Insurance Intermediaries

represents insurance agents and brokers from over 100 national associations (in over 80 countries) across the world. WFII was formally launched in January 1999, in Washington D.C. and represents over 400,000 professional intermediaries who handle the vast majority of insurance placements globally. WFII represents the interests of intermediaries with international institutions and works to deepen the understanding of the role played by insurance brokers and agents in global commerce.

A WFII Principles paper outlines the overriding principles of WFII on a certain issue and represents WFII's highest aspirations in a particular field.

According to WFII and its members, WFII's principles are fundamental to the development of the sound and efficient functioning of the insurance intermediation market at all levels.

WFII invites all parties who participate in the development and in the shaping of the current and future regulatory and market environment for insurance intermediation activities to adopt these principles.

Considering that:

- Today's sophisticated insurance market often requires insurance agents and brokers, particularly in the commercial lines area, to provide their clients with risk management and insurance consulting services, which are beyond the services typically associated with the placement and servicing of a policy contract.
- Agents and brokers offer these additional services, not compensated for by commissions, as part of their expanding role as insurance professionals responding to their clients' risk needs.

WFII adopted the following principles regarding remuneration of insurance intermediaries

Principle 1

Every insurance intermediary has the right to be remunerated fairly for his or her services

Principle 2

Any remuneration or compensation for services of an intermediary should be considered as an issue between the parties.

Principle 3

Legislation or concerted market agreements limiting or imposing the rate or the means of remuneration is considered by WFII as a serious infringement of basic free market principles and would be against international market practice.

Principle 4

Intermediaries should be allowed to charge fees in addition to, in lieu of, or in combination with, commissions. In such case, the customer should be informed.