



## Delegated authority: outsourcing in the general insurance market

Our Thematic Review TR15/7 featured this infographic which explains delegated authority in the general insurance market

Financial Conduct Authority



### TR15/7 - Delegated authority: Outsourcing in the general insurance market

#### Our findings

- 1 **Understanding obligations**  
Insurers do not always appear to have fully considered their obligations in relation to delegating authority, which is a form of outsourcing
- 2 **Fair treatment of customers**  
In many cases, insufficient focus and consideration has been given to how the interests of customers might be impacted by outsourcing
- 3 **Assuming responsibilities**  
Intermediaries do not always appear to appreciate the extent of the product provider responsibilities they have assumed when designing insurance products
- 4 **Monitoring outcomes**  
Insurers and intermediaries sometimes receive limited information and undertake little analysis of consumer outcomes

#### Our expectations

- 1 **Risk-based controls**  
Insurers should always treat delegating authority as outsourcing and ensure they have effective risk-based controls
- 2 **Customer outcomes**  
A customer's experience should not be affected by whether provision of the product involved one or multiple firms
- 3 **Allocating responsibilities**  
Insurers and intermediaries should consider who is acting as product provider, clearly allocating responsibilities for product design and performance monitoring
- 4 **Appropriate monitoring**  
Insurers and intermediaries should ensure appropriate monitoring and MI is in place to identify where customers may not be treated fairly

#### Next steps

Following on from this review, we will continue to engage with the insurance industry to address the issues we identified. We will do this by:

- 1 Providing individual feedback to firms included within the review and following up on specific issues identified
- 2 Engaging with relevant trade bodies to facilitate discussion of our findings, our expectations and how best to address the issues identified
- 3 Focusing on these issues in the course of our ongoing supervisory work
- 4 Considering how firms respond to forthcoming legislation and regulatory change, notably Solvency II, and the need for further work

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