

## Corporate Insurance Advent Calendar - The beginning of the end for mass distribution

December 1, 2014 | Written by Simon McConnell, Partner, Hong Kong

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To celebrate the countdown to Christmas, the Corporate Insurance team will be publishing a prediction for 2015 each day.



Increased regulatory pressure is making the traditional mass agency distribution model less attractive for agents and insurers, leading to a drastic change in distribution channels for consumer policies.

2015 will see a ban on indemnity commission for Investment Linked Assurance Schemes (ILAS), which follows hot on the heels of the recent requirements for disclosure of commissions received on ILAS products.

We expect the implementation of the new Independent Insurance Authority, which will regulate insurance agents and their conduct, to increase the compliance burden on agents, particularly at the lower end of the market.

This combination of measure will impact on the attractiveness of being an individual agent, and the regulatory burden will increase for insurers that manage a large sales agency force.

Policies therefore will increasingly be distributed on more of a multi-channel basis, with an increase in: products offered on a direct sale basis; the use of online aggregators; and independent financial advisors providing fee based advice. Bancassurance channels will remain an important distribution channel and will be better placed to respond to the forthcoming regulatory changes.

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