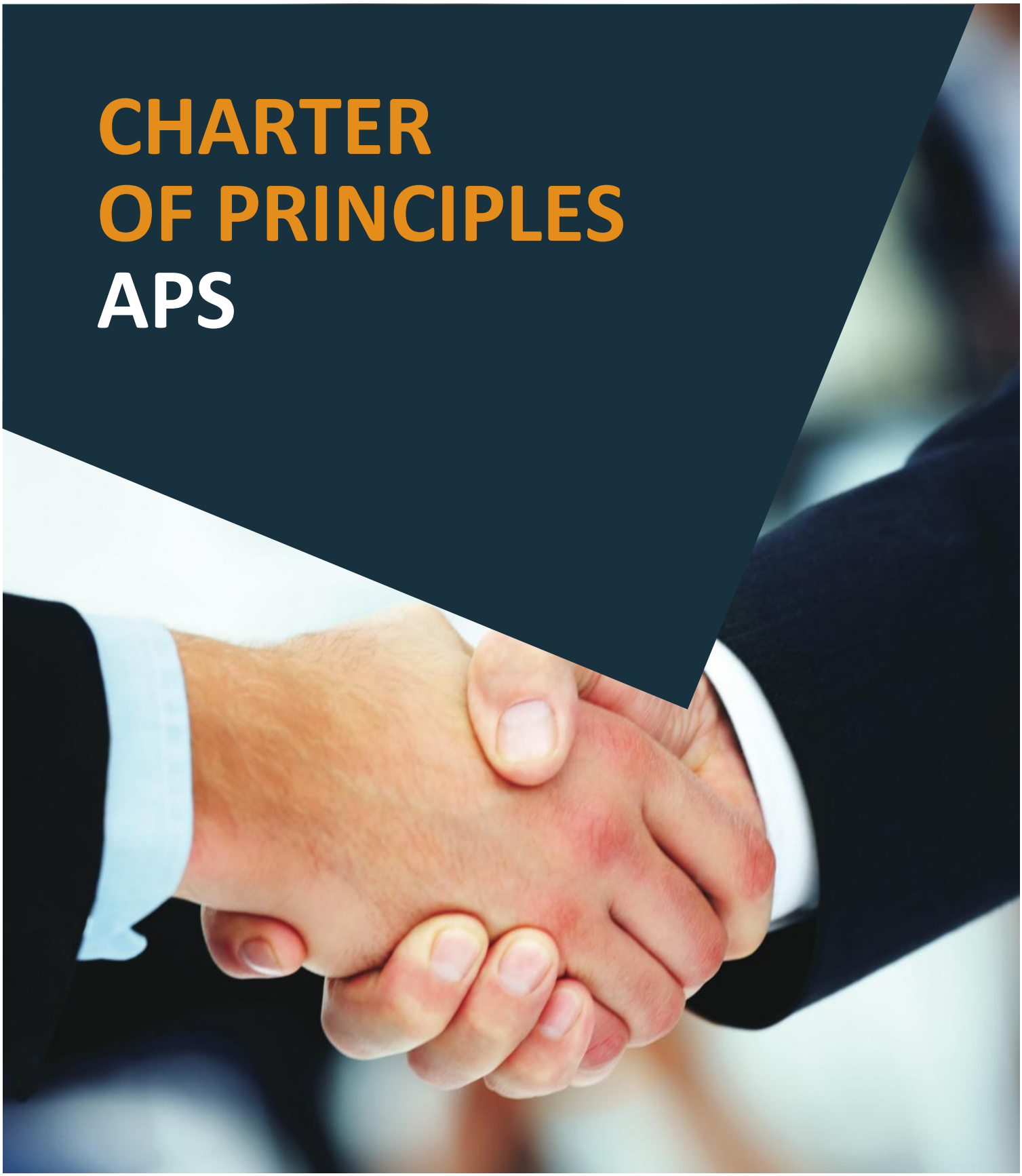
CHARTER OF PRINCIPLES APS



aps ASSOCIAÇÃO PORTUGUESA DE SEGURADORES

CHARTER OF PRINCIPLES

/ AIMS

This charter of principles aims:

a) To formalise and divulge values, operating principles and ethical standards that shape the relationship between insurance companies and the various subjects with which they interact;
b) To foster the standardization of internal standards and benchmarks of insurance companies, members of the APS, and which guide their actions;
c) To help to develop business cultures which, within their own diversity, induce everyday respect for the values and principles adopted and the ongoing improvement of the rules of corporate governance, aiming to permanently improve corporate and market practices.

Article 1 – Mission

Besides pursuing their own aims, insurance companies have the mission of performing, in a stable and efficient manner over the long-term, the major economic and social functions typical of the insurance sector, always bearing in mind, as structural elements of the financial system, the purpose of contributing towards:

a) The economic and social development of the country and the protection of the assets of families and companies;
b) The stability and solidity of the national financial system;
c) Searching for equilibrium, within the framework of the prudent management of savings and risks, between profitability, safety and liquidity;
d) Sustainable development and promoting improved quality of life for people and institutions in general.
e) The creation of fair and equitable working conditions, based on the treatment of everyone with respect and dignity, without any type of discrimination.

Article 2 – Role of the Shareholders and Remuneration Policy

Insurance companies, as the institutional investors that they are, aim to create long-term value for the benefit not only of their shareholders, but also of their clients, before whom they assume a fiduciary responsibility.

This responsibility implies the need to ensure that both the shareholders' capital and the clients' money are allocated efficiently and that the insurance companies that possess these are well governed and managed.

The good governance and management of the insurance companies requires qualified internal and external professionals, and remuneration policies adjusted to this qualification, based on an

assessment of performance, on the responsibility assumed, on the availability and competence placed at the company's service, and on the value brought to it.

Article 3 – Organizational Structure of the Companies and Operating Rules

Insurance companies should adopt a well-defined, transparent organizational structure adapted to its size, and implement effective internal control systems, which help to guarantee stringent, sound and prudent operational and management practices.

In their respective internal rules, each insurance company should have provisions that prevent conflicts of interests from arising and, when they do arise, to regulate how they are overcome.

In their relations with the people or entities with which they interact, the employees of the companies should disclose, by the appropriate means, the capacity in which they are acting, and the powers invested in them.

Insurance companies consider essential to have internal control mechanisms that cover all business areas and that ensure the validation and verification of compliance with legal and regulatory obligations, particularly in matters of consumer protection, competition, data protection and security and in matters of the deontological rules, ethics and conduct specific to each one.

Article 4 – Diversity, Equity e Inclusion

Insurance companies recognize that business policies and practices must be guided by respect for the principles of diversity, non-discrimination, equal opportunities, inclusion, and equity.

They also share the conviction that diversity, translated into cooperation between people of different ages, gender, ethnicity, sexual orientation, religion or belief, abilities, perspectives, and life experiences, is a source of enrichment for organizations and people who integrate it, contributing to attracting and fertilizing the development of talent, as well as business growth and innovation.

They therefore commit to:

(i) promote a safe, inclusive work environment, free from any type of discrimination, in which relationships between everyone are guided by respect for the law and the principle of equity;

(ii) foster diversity;

(iii) adopt measures designed to facilitate the inclusion and integration, in the workplace, of people with vulnerabilities or diminished capabilities;

(iv) adopt support measures, particularly in terms of training and updating technological knowledge, for older workers, considering that age should not be a factor of discrimination.

(v) adopt measures to prevent and combat all forms of violence, physical, psychological, or moral, promoting training actions on the different instruments and mechanisms available to prevent them, as well as measures to identify, assess and mitigate psychosocial risks.

Article 5 – Commitment to society

In terms of environmental protection, social responsibility in general and sustainable development, insurance companies, to respect their commitments to society and citizens, consider it their duty, in addition to strict compliance with the law:

(i) Provide, in the exercise of its activity, the adoption of the best environmental defence and protection practices, using, and promoting with its partners the use, of natural resources in a rational manner, to minimize the negative impacts that this use may occur;

(ii) Promote and support initiatives that aim to stimulate the expansion of social awareness about the adoption of policies and practices, in the public and private areas, that promote sustainable development.

(iii) Promote a culture of sustainability in all its spheres of influence, namely among its employees, customers, suppliers, and other business partners, encouraging them to adopt policies and practices with high sustainability standards.

(iv) Encourage customers and the community in general to adopt healthy lifestyles and correct environmental practices.

(v) Cooperate with civil society organizations that promote the improvement of the living conditions of the most vulnerable and disadvantaged citizens.

Article 6 – Risk Management

Insurance companies should adopt measures that help to define a stringent policy on the underwriting of risks, on the evaluation of and provisioning for liabilities, on reinsurance, on investments and on asset and liability management.

The insurance companies' decisions should be based on data that is as reliable and accurate as possible, collected, treated, and analysed using the best technical and professional standards and in the light of ethical criteria, objectivity and independence, that is propitious for prudent risk management.

They also have the special duty of acting with the highest respect for internal standards, the rules of compliance and all the legal provisions and regulations in force.

Article 7 – The Market and Rules of Competition

Insurance companies have the imperative duty to strictly comply with the rules of competition.

Not performing prohibited practices that aim to deceive or restrict it, the non-abuse of a dominant position or of economic dependence and practising appropriate pricing levels to address the commitments assumed, a condition of the sustainability of the companies, are considered essential practices for the correct functioning of the market, the basis of trust in the companies and the image of credibility of the sector.

Healthy and fair competition constitutes a paradigm for the exercise of insurance activities, within which any practices that infringe competition law are prohibited, including price agreements, exchange of confidential or commercially sensitive information, illegitimate coordination with competitors, suppliers or sub-contractors, contractors, discrimination of customers and suppliers, abuse of dominant position or situations of economic dependence.

Article 8 – Marketing and Advertising

When providing mandatory or facultative information to the public, clients, intermediaries and to the competent entities, insurance companies should use clear, objective and easily understandable words and expressions, strictly observing the applicable legal provisions and regulations.

Advertising products or the activity of insurance companies should consider the general regime of advertising and, in particular, the specific standards that are upheld, taking into account the legitimate interests of the consumers and the necessary respect for the principles of truth, objectivity, clarity and opportunity.

Article 9 – Duties of Information and of Clarification

Insurance companies should provide high levels of training and adopt the procedures that appear necessary to ensure that their employees, including the intermediaries with whom they work, can provide their clients with the information that is essential for them to take well informed decisions concerning the insurances already taken out or to be taken out;

For the purpose, attention should be paid, on the one hand, to the client's level of knowledge and degree of experience and, on the other, the client's needs for protection, the convenience / appropriateness of the intended cover, his/her sensitivity to risk and economic capacity to bear the respective cost should be considered.

Article 10 – Complaints and Alternative Means of Conflict Solving

Insurance companies should have the means and organization that enable all complaints sent to them by policyholders, insureds or beneficiaries of payments guaranteed by insurance contracts that they have taken out, to be received, treated, and assessed expeditiously and in good time, in accordance with the current legal and internal standards.

Insurance companies also consider that it is in the common interest for there to be structures, on an individual company basis, or for groups of companies or for the sector, that aim to prevent or resolve, by alternative means of conflict resolution, divergences that may arise among themselves or between them and any clients or third parties.

Article 11 – Security and Data Protection

Data and information are basic elements for the successful performance of insurance activity. The widespread use of new technologies in collecting, processing and use of information and data is increasingly crucial for the development of activity and companies, but they recognize that it is associated with dangers and vulnerabilities of various types.

Therefore, the protection of information and personal data, particularly those of the most sensitive, customers, policyholders and benefit beneficiaries, as well as their use for the legitimate purposes for which they are collected and their conservation, under security conditions and capable of guaranteeing your privacy, integrity and confidentiality, are a permanent concern and obligation of insurance companies.

In this context, insurance companies feel especially bound, in general, to act in the strictest compliance with all applicable legal and regulatory provisions, as well as to base their actions on the most demanding ethical standards, particularly regarding sensitive data, and the personal data of children and people affected by injuries or illnesses resulting in impaired capabilities.

In particular, they recognize that it is their duty to:

(i) Implement risk management and prevention systems that allow the identification of data security threats and the triggering of timely and appropriate responses to mitigate the potential impacts of their implementation;

(ii) Clearly explain, when collecting data, the legitimate purposes for which they are intended and implement mechanisms that prevent illegitimate access to them or their use for a different purpose;

(iii) Ensure, in accordance with the law, respect for professional secrecy;

(iv) Prevent the use of data from leading to discriminatory treatment;

(v) Guarantee/facilitate the exercise of rights by data holders, be they access, knowledge of who holds it, alteration, or correction if inaccurate or incomplete, portability, limitation or minimization, etc.

The fulfilment of the legal standards and regulations on the protection of personal data, namely on: the grounds of legitimacy for its collection; the existence, access and alteration of data; the respect for access rights, correction, limitation, elimination opposition and portability of personal data, and in general, and in general the lawful, fair and transparent treatment of personal data held by insurance companies, is at the forefront of the permanent concerns of insurance companies, which will continue to do everything they can to ensure that this protection is implemented effectively, within the complex environment that characterises the relations between insurance companies, their clients, beneficiaries of payments and suppliers or services providers, internal and external.
Professional secrecy is also to be respected within the terms of the law.

Article 12 – Combating Fraud, Money Laundering, and the Financing of Terrorism

Notwithstanding the provisions of the law, insurance companies should articulate their efforts, resources and actions that aim to intensify, with added efficacy, the prevention of money laundering and the financing of terrorism, as well as, in general, to combat any phenomenon of crime or fraud that aims to illegally prejudice their assets and/or those of their clients, whatever form this may take, it being desirable that, for the purpose, they have strict internal control mechanisms that help to identify types of conduct and the moral or material authors and accomplices of attempted or carried out actions.

Associação Portuguesa de Seguradores
Rua Rodrigo da Fonseca, 41
1250-190 Lisboa | Portugal
T. 213 848 100
F. 213 831 422

apseguradores@apseguradores.pt
www.apseguradores.pt

aps ASSOCIAÇÃO PORTUGUESA DE SEGURADORES