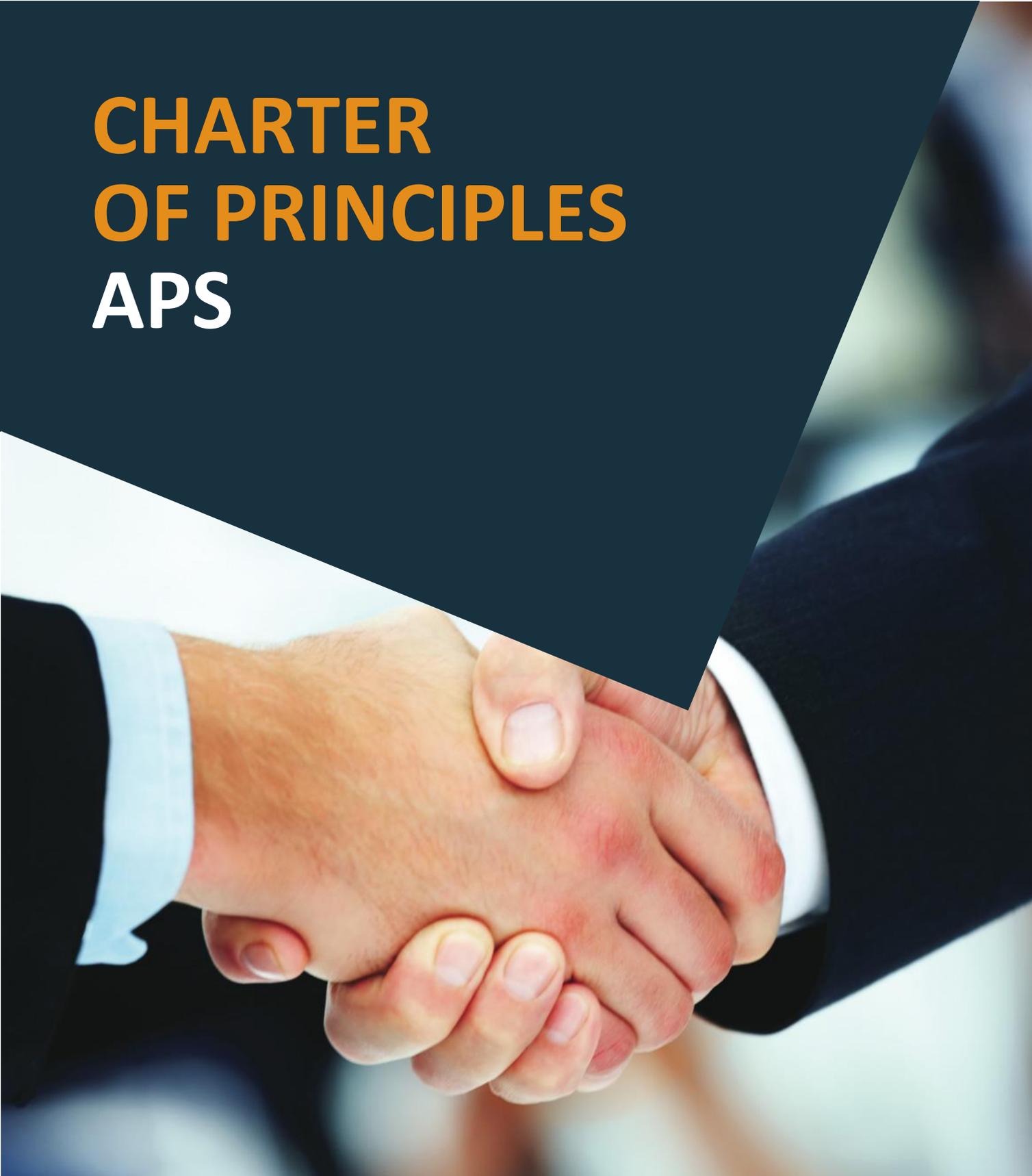


PORTUGUESE ASSOCIATION
OF INSURERS

APS' CHARTER OF
PRINCIPLES

OCTOBER
2017

CHARTER OF PRINCIPLES APS



CHARTER OF PRINCIPLES

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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.

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.

CHARTER OF PRINCIPLES

Article 3 – Organizational Structure of the Companies

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.

Article 4 - 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 5 - 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 also 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.

Article 6 - 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 take into account the general regime of advertising and, in particular, the specific standards that are upheld, taking into account

CHARTER OF PRINCIPLES

the legitimate interests of the consumers and the necessary respect for the principles of truth, objectivity, clarity and opportunity.

Article 7 – 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 8 - Complaints and Alternative Means of Resolving Conflicts

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 9 - Protection of Personal Data and Professional Secrecy

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.

CHARTER OF PRINCIPLES

Article 10 – 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.

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