INSURER CONDUCT AND CONSUMER PROTECTION. INTRODUCING THE INSURANCE CONDUCT QUALITY INDEX (ICQI) FOR SUSTAINABLE PERFORMANCE

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Abstract
This paper examines the relationship between insurer conduct, consumer protection, and sustainable performance, with particular attention to the Romanian insurance market. Insurer conduct is approached as a multidimensional concept encompassing product governance, information and distribution practices, claims handling, complaints and remediation, treatment of vulnerable consumers, remuneration, organizational culture, and the use of technology. Drawing on the literature on service quality, consumer trust and retention, corporate governance, and insurance regulation, the paper develops a conceptual transmission mechanism linking internal governance and incentives to business processes, consumer outcomes, trust and retention, and ultimately sustainable performance. The conceptual analysis is complemented by descriptive evidence on the structure and recent development of the Romanian insurance market and by a discussion of insurers' broader role within the domestic financial system. Building on this framework, the paper proposes a multidimensional architecture for conduct monitoring covering product governance and value for money, distribution, claims handling, complaints and remediation, accessibility and vulnerability, and internal governance. As an operational extension of this architecture, the paper introduces the Insurance Conduct Quality Index (ICQI), an original conceptual monitoring instrument designed to integrate multiple dimensions of insurer conduct and consumer outcomes within a structured assessment framework. The ICQI is conceived as a monitoring and diagnostic tool rather than a causal model, with its empirical calibration and validation left for future research. The analysis suggests that insurer conduct should be viewed not only as a regulatory compliance and consumer protection issue, but also as a component of effective governance and long-term value creation. From this perspective, improvements in conduct may entail short-term implementation costs while potentially contributing to stronger consumer trust, higher retention, lower reputational and operational costs, greater portfolio stability, and more sustainable financial intermediation.

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