

**Date** 22 July 2019

---

**Recipient** All Stakeholders writing business in Canada

---

**Subject** Canada: Fair Treatment of Customers - Update

---

*Purpose:* To inform Stakeholders of the update to the *Fair Treatment of Customers* guidelines.

*Affects:* All Stakeholders writing business in Canada

*Line of Business:* All

*Jurisdiction :* Canada

*Effective:* Immediately

### What you need to know

As previously communicated in [Bulletin AD-18-024](#), dated November 19, 2018, the Canadian Council of Insurance Regulators (CCIR) and Canadian Insurance Services Regulatory Organizations (CISRO) have published their joint guidance that sets out the expectations for how intermediaries conduct insurance business to ensure the fair treatment of customers. The joint guidance is principle-based to enable intermediaries to determine how best to achieve expected customer outcomes and is relevant to all insurance market participants.

The Fair Treatment of Customers is a top priority of insurance regulators both in Canada and internationally. The guidance document is modelled after the international standards developed by the International Association of Insurance Supervisors with specifics of the Canadian insurance market addressed. In addition, it should be noted that CCIR and CISRO have defined intermediary for this purpose as: *“individual agents, brokers, and representatives as well as the business entities that are authorized to distribute insurance products and services, including managing general agencies and third party administrators”*.

To date, Nunavut ([Finance](#)), British Columbia ([FICOM](#)), Alberta ([AIC](#)), Ontario ([FSCO](#) / [FSRA](#)), Quebec ([AME](#)) New Brunswick ([FCNB](#)), Nova Scotia ([Finance](#)), and Prince Edward Island ([Justice and Public Safety](#)) have published statements that they will follow the CCIR and CISRO guidance as each province and territory within Canada has their own regulatory body. Lloyd's expects other provincial regulators to implement the guidance in a similar manner in due course.

In addition, in Alberta, the Superintendent of Insurance and the Alberta Insurance Council (AIC) have announced in an [Interpretation Bulletin](#) that they expect insurers and intermediaries to

use the principles set out in the [Guidance Conduct of Insurance Business and Fair Treatment of Customers](#) to inform their policies and procedures and to apply the Guidance based on the nature, scope and size of their respective businesses. It is their expectation that implementation of the Guidance principles will begin immediately, and that they be meaningfully embedded throughout organizations by January 1, 2020.

The Superintendent and the AIC will consider the principles of the Guidance when interpreting what are unfair practices pursuant to section 509 (Unfair Practices) of Insurance Act (Alberta) (Act) and its associated regulations. **Intermediaries who contravene to the Act may be subject to penalties, fines or may have their certificate of authority revoked, suspended, or renewal refused.**

### What this means to you

Please ensure that you review the published document [Guidance Conduct of Insurance Business and Fair Treatment of Customers](#) in conjunction with your current protocols assessing the impact to your business.

All intermediaries acting for Lloyd's Underwriters are expected to ensure that their organizations implement the necessary controls to measure customer outcomes and ensure compliance with the Fair Treatment of Customers guidelines.

For further information, please contact either our Lloyd's Canada Toronto office (416) 360-1512 or Montreal Office (514) 861-8361.

### Sean Murphy

President, Lloyd's Canada Inc.

Attorney in Fact in Canada for Lloyd's Underwriters

[info@lloyds.ca](mailto:info@lloyds.ca)