Canadian Insurance Services Regulatory Organizations (CISRO)

Principles of Conduct for Insurance Intermediaries

Preamble

The CISRO Principles of Conduct for Insurance Intermediaries (the Principles) reflect common regulatory standards for insurance intermediaries in Canada. The Principles outline professional behaviour and conduct expectations for the fair treatment of Customers.

Intermediaries should conduct their business following the Principles that are relevant to them, while ensuring compliance with all applicable laws, regulations, rules, or regulatory codes within all jurisdictions where they carry on business. Any more stringent requirements, rules or standards of conduct take priority over the Principles.

The Principles are intended to supplement, complement and build upon the intermediary elements in the *Guidance on Conduct of Insurance Business and Fair Treatment of Customers* (FTC), issued by CISRO and the Canadian Council of Insurance Regulators (CCIR). The Principles also align with Insurance Core Principles (ICP) of the International Association of Insurance Supervisors (IAIS).[1]

The Principles reinforce the fair treatment of Customers throughout the life cycle of the insurance product as a core component of the intermediary business culture. This includes conducting business in an honest and transparent manner. Expectations for the conduct of insurance business may differ depending on the nature of the relationship to the Customer, the type of insurance provided, and the distribution method. Intermediaries with oversight responsibilities must take appropriate measures to ensure that their employees and representatives meet high standards of ethics and integrity.[2]

Definition of Intermediary: Intermediary is given broad meaning, and will differ based on the applicable definitions within different jurisdictions across Canada. It encompasses adjusters, agents, brokers and representatives, as well as business entities that distribute insurance products and services, including managing general agencies and third party administrators. It also applies to all distribution methods, including over the internet.[3]

Definition of Customer: Customer refers to policyholder (which may include a certificate holder) or prospective policyholder with whom an insurer or intermediary interacts, and includes, where relevant, other beneficiaries and claimants with a legitimate interest in the policy. Customer may also refer to a consumer, which includes all actual and potential customers for insurance products.

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[1] International Association of Insurance Supervisors. Insurance Core Principles, ICP 18 and ICP 19, updated November 2019. https://www.iaisweb.org/page/supervisory-material/icp-on-line-tool

[2] The Insurer is responsible for fair treatment of Customers throughout the life cycle of the insurance product, as it is the Insurer that is the ultimate risk carrier. The Insurer's ultimate responsibility does not absolve Intermediaries of their own responsibilities for which they are accountable.

[3] This definition aligns with the CCIR/CISRO FTC guidance. These Principles apply to all Intermediaries that are authorized to do business within any jurisdiction, whether licensed, registered or exempted from licensing or registration.

The Principles outline professional behaviour and conduct expectations for the fair treatment of Customers:

1. **Compliance / Outcomes:** Intermediaries must comply with all applicable laws, regulations, rules and regulatory codes to which they are subject.

2. **Customers' Interests:** Intermediaries are expected to place Customers' interests ahead of their own. This includes when an Intermediary is developing, marketing, recommending, distributing and servicing products.

3. **Conflicts of Interest:** Intermediaries are expected to identify, disclose and manage any actual or potential conflict of interest that is associated with a transaction or recommendation. They are expected to avoid entering into or pursuing agreements for which conflicts of interest cannot be managed, or if they interfere with the fair treatment of Customers.

4. **Advice:** When providing advice to or for a Customer, Intermediaries are expected to seek appropriate information from the Customer in order to understand and identify their unique needs. Intermediaries are expected to provide objective, accurate and thorough advice that enables the Customer to make an informed decision. Advice is expected to be suitable for the needs of the Customer based on the Customer's disclosed circumstances.

5. **Disclosure:** Intermediaries are expected to provide Customers with objective, appropriate, relevant, timely and accurate information and explanations so that they can make informed decisions. Intermediaries are expected to:

   - Properly disclose the information to all necessary parties, including the insurer; and
   - Disclose information and explanations in a manner that is clear and understandable for Customers, regardless of the distribution model or medium used.

6. **Product and Service Promotion:** Intermediaries are expected to ensure that products and services are promoted in a clear and fair manner. Regardless of the distribution model or medium used, Intermediaries are expected to ensure that promotions are not misleading, and are easy to understand. Product promotions are expected to disclose all necessary and appropriate information.

7. **Claims, Complaints Handling, and Dispute Resolution:** Intermediaries are expected to handle or cooperate in the handling of claims, complaints and disputes in a timely and fair manner.

8. **Protection of Personal and Confidential Information:** Intermediaries are expected to take necessary and appropriate measures to protect and manage personal and confidential information. They must comply with all applicable privacy legislation.

Customers should be confident that Intermediaries:

- Only collect and retain information that is necessary and appropriate for the fulfillment of the service or product provided; and
- Use and disclose the information only for purposes and for the duration for which the Customer has given consent or as required by law.

9. **Competence:** Intermediaries are expected to maintain an appropriate level of professional knowledge, and should stay current through continuing education to ensure the fair treatment of Customers. Where applicable, continuing education requirements must be fulfilled. Intermediaries are expected to not misrepresent their level of competence or conduct business beyond their level of professional knowledge and experience, and duties must match training/education.

10. **Oversight:** Intermediaries with contractual or regulatory oversight obligations are also responsible for the conduct of any employee or third party involved in the marketing, distribution or servicing of an insurance product. Intermediaries are expected to have tools at their disposal such as policies and procedures, training and control mechanisms to ensure the fair treatment of Customers is achieved in relation to their oversight obligations.