



**NOTICE TO THE PROFESSION AND THE PUBLIC**  
**PRACTICE OF BEST TERMS PRICING AND**  
**GENERAL INSURANCE AGENT CERTIFICATES OF AUTHORITY**

The General Insurance Council (GIC), issues the following *Notice to the Profession and the Public* regarding the practice of Best Terms Pricing, in response to the impact on Albertan consumers. The GIC advises;

1. GIC may only act in accordance with the authority delegated to it by way of Ministerial Directive issued by the Minister of Treasury Board and Finance, pursuant to Ministerial Directive [02/01](#)
2. GIC is limited by statute to exercise the powers, duties and functions delegated to it by the Minister of Treasury Board and Finance
3. GIC has observed an unhealthy industry practice which negatively affects insurance consumers in Alberta, specifically involving the sale of subscription condominium corporation insurance
4. For the purpose of this *Notice to the Profession and the Public*, and all future interpretations of "Best Term Pricing" as it applies to general insurance agents and brokers in the Province of Alberta, the GIC will take the term "Best Terms Pricing" to mean;

The practice where a premium for an insurer's portion of a subscription insurance policy is determined by reference to any higher quoted premium bid made or received by any other non-affiliated insurer on the same subscription policy.

5. For greater clarity, the GIC **excludes** the following from the above definition of *Best Terms Pricing*, and **will not** consider the following an unfair practice:
  - A subscribing insurer's premium being set in accordance with the weighted average of all bids by non-affiliated insurers, or the bid by the lead insurer
  - An insurer revising its bid during the negotiation or construction of a subscription insurance policy, provided that *Best Terms Pricing* or similar practices are not used to establish the insurer's revised premium
6. **Effective March 1, 2021, the GIC warrants the involvement of insurance agents and insurance brokers in the practice of *Best Terms Pricing* to be an unfair, coercive or deceptive act or practice pursuant to s. 509(1)(c) of the *Insurance Act***
7. Effective March 1, 2021, GIC will consider the practice of *Best Terms Pricing* to be a contravention of ss. 1 of the [CCIR/CISRO Guidance Conduct of Insurance Business and Fair Treatment of Customers](#)

8. Effective March 1, 2021, GIC will levy appropriate penalties and sanctions available under the *Certificate Expiry, Penalties and Fees Regulation* AR 125/2001, which provides for a maximum civil penalty in the amount of \$1,000.00 for each violation (each count) of s. 480(1)(b) of the *Insurance Act*
9. GIC may enforce its' authority to revoke, suspend or refuse to renew, retain or reinstate a general insurance agent certificate of authority pursuant to s. 480(1)(b) of the *Insurance Act*
10. A transition period will be observed from the date of publication of this *Notice to the Profession and the Public* to March 1, 2021 to allow insurance intermediaries to alter their practices and **discontinue** the use of *Best Terms Pricing* for subscription condominium corporation insurance
11. Any questions regarding this *Notice to the Profession and the Public* may be directed to the Director of Legal and Regulatory Affairs at the Alberta Insurance Council
12. This *Notice to the Profession and the Public* may be amended, rescinded or replaced at any time without notice to the profession and the public.

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Joanne Abram,  
Chief Executive Officer,  
Alberta Insurance Council

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Amanda Sawatzky,  
Chairperson,  
General Insurance Council

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Zabeda Yaqoob,  
Director of Legal and Regulatory Affairs, Mediator  
Barrister & Solicitor, Alberta Insurance Council

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The **Alberta Insurance Council ("AIC")** is an industry regulator responsible for the oversight and market conduct of insurance agents, brokers and independent adjusters in the Province of Alberta. The AIC derives its' authority through [delegations](#) granted by the Minister of Treasury Board and Finance ("ATBF"), and in accordance with the [Insurance Act](#), RSA 2000 c. I-3 (the "Act") and its' [Regulations](#). The AIC provides investigative, governance and administrative services to the Alberta insurance councils including the *Insurance Adjusters Council*, the *General Insurance Council*, and the *Life Insurance Council*, and the *Alberta Insurance Council*.