

INTERPRETATION BULLETIN

BULLETIN NUMBER:	02-2019
TITLE:	Adoption of CCIR / CISRO Fair Treatment of Customers Guidance
DATE:	JUNE, 2019

PURPOSE

The purpose of this Interpretation Bulletin (Bulletin) is for the Superintendent of Insurance (Superintendent) and the Alberta Insurance Council (AIC) to inform all insurers and insurance intermediaries (intermediaries) carrying on business in Alberta of their expectations for how insurers and intermediaries conduct insurance business and what constitutes fair treatment of customers based on the *Guidance Conduct of Insurance Business and Fair Treatment of Customers* (Guidance). This Bulletin is issued by the Superintendent pursuant to section 792.1 of the Insurance Act (Alberta) (Act) and with the cooperation of the AIC.

BACKGROUND:

The fair treatment of customers is a top priority of insurance regulators both in Canada and internationally. The Guidance is modelled after international standards for insurance regulation developed by the International Association of Insurance Supervisors. In order to increase regulatory and supervisory harmonization in Canada, a joint effort of the Canadian Council of Insurance Regulators (CCIR) and the Canadian Insurance Services Regulatory Organizations (CISRO) resulted in this formal Guidance document. The Superintendent and the AIC, as members of CCIR and CISRO respectively, played an active role in the development of the Guidance, which is available online at [Guidance Conduct of Insurance Business and Fair Treatment of Customers](#).

EXPECTATIONS:

As Alberta's insurance market conduct regulators, the Superintendent and the AIC consider the fair treatment of customers fundamental to sound market conduct practices and expect insurers and intermediaries to use the Guidance in the conduct of the business of insurance to ensure the fair treatment of customers. The Superintendent and the AIC expect insurers and intermediaries to use the principles set out in the Guidance to inform their policies and procedures and to apply the Guidance based on the nature, scope and size of their respective businesses.

We understand that a transitional period is needed for organizations to review and incorporate the Guidance. It is our expectation that implementation of the Guidance principles will begin immediately, and that they be meaningfully embedded throughout organizations by January 1, 2020.

Future regulatory reviews conducted by our offices will look for alignment with the Guidance.

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 the Act and its associated regulations.

PENALTIES FOR NON-COMPLIANCE:

Insurers and intermediaries are obligated to comply with the requirements of the Alberta regulatory approach, including the requirements of the Act and its associated regulations.

For insurers, the Superintendent confirms that where the Superintendent is of the opinion that an insurer has contravened section 509 (Unfair Practices) of the Act, the Superintendent may require that insurer to pay an administrative penalty of up to \$25,000 for each contravention.

In the alternative to the administrative penalty, and pursuant to section 780 of the Act, an insurer that contravenes section 509 of the Act is also guilty of an offence for which the insurer may be subject to a fine of up to \$200,000 (and if of a continuing nature, each day or part of a day constitutes a separate offence) if convicted.

The AIC has confirmed that insurance intermediaries (meaning insurance agents or adjusters holding a certificate of authority under the Act or its associated regulations) who contravene section 480(1) of the Act may have their certificate of authority revoked, suspended, or renewal refused. In addition, intermediaries who contravene Section 480(1)(a) of the Act may be subject to a penalty of up to \$5,000 per occurrence of contravention. An intermediary who contravenes Sections 480(1)(b), (c), (d), or (e) may be subject to a penalty of up to \$1,000 per occurrence of contravention.

If you have questions regarding this Bulletin:

- Insurers, please contact the Superintendent of Insurance, either by e-mail at TBF.insurance@gov.ab.ca, or by telephone at (780) 427-8322 (toll-free in Alberta by first dialing 310-0000).
- Intermediaries, please contact the Alberta Insurance Council, either by e-mail at info@abcouncil.ab.ca, or by telephone at (403) 233-2929 or toll-free (in Alberta) at (800) 461-3367.

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Darren Hedley
Superintendent of Insurance

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Joanne Abram, CEO
Alberta Insurance Council