

# Fair Treatment of Customers

The Canadian Council of Insurance Regulators (CCIR) and the Canadian Insurance Services Regulatory Organizations (CISRO) released a new guidance on the Fair Treatment of Customers in September 2018.

The guidance sets out the expectations on how advisors and intermediaries conduct insurance business and ensure the fair treatment of customers throughout the life of the insurance product. The guidance affects the following entities:

- Insurance Companies
- Insurance Agents
- Corporate/Partnership Insurance Agency Businesses

Regulators expect advisors to assess themselves against the guidance when setting or revising policies and procedures and operating their businesses.

Fair treatment of customers encompasses concepts such as ethical behavior, acting in good faith and the prohibition of abusive practices. Advisors must integrate fair treatment of customers principles as an integral part of their business practices. Fair treatment of customers encompasses conflict of interest, disclosure to consumer, product promotion, advice, complaints handling, dispute resolution, protection of personal information, and expectations such as the following:

- Providing customers with information that is accurate, clear and not misleading, before, during and after the point of sale, which will allow customers to make informed decisions. This should be completed using plain language the customer can easily understand.
- Ensuring that any advice given is relevant. Gathering all information about your client and having appropriate needs-based sales procedures in place will minimize the risk of sales which may not be appropriate or suitable to the customer's needs.
- The basis on which a recommendation is made is explained and documented in the client file by means of the *Reason Why Letter*.
- Dealing with customer claims, complaints and disputes in a fair and timely manner.
- Provide clear, transparent and easy to understand information about independent dispute resolution processes.
- Protecting the privacy of customer information by having appropriate policies, procedures and safeguards in place.
- Service policies appropriately throughout the life-cycle of the product.
- Take all reasonable steps to identify and avoid or manage conflicts of interest by communicating these through appropriate disclosure. Where conflicts of interest cannot be managed satisfactorily, the advisor should decline to act.
- The advisor should be well trained and informed on the products and services being offered to the customer.
- Establish and implement policies and procedures on fair treatment of customers, as an integral part of the advisor's business.
- Act in compliance with the laws, regulations and guidelines to which the advisor is subject.

Regulators may conduct regulatory reviews with advisors. Policies and procedures in relation to dealing with the fair treatment of customers will be required to be produced upon their request. Where a regulator finds evidence of non-compliance with the guidance, penalties may include regulatory discipline such as requirement for further education or possible fines.

For further information, please review the CCIR/CISRO [Guidance Conduct of Insurance Business and Fair Treatment of Customers](#).