



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 their respective jurisdiction. All jurisdictions where they carry on business. Any, stricter or more, specific 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).<sup>1</sup>

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 (whether it is direct or indirect), 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.<sup>2</sup>

**Definition of Intermediary:** Intermediary is given broad meaning, and will differ based on the applicable definitions within different jurisdictions across Canada. It encompasses adjusters, individual 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.<sup>3</sup>

**Definition of Customer:** Customer refers to policyholder (which itself, as the case may be, includes 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.

<sup>1</sup> 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>  
<https://www.iaisweb.org/page/supervisory-material/icp-on-line-tool>

<sup>2</sup> 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.

<sup>3</sup> This definition aligns with the CCIR/CISRO FTC guidance. These Principles apply to all Intermediaries that are authorized to do

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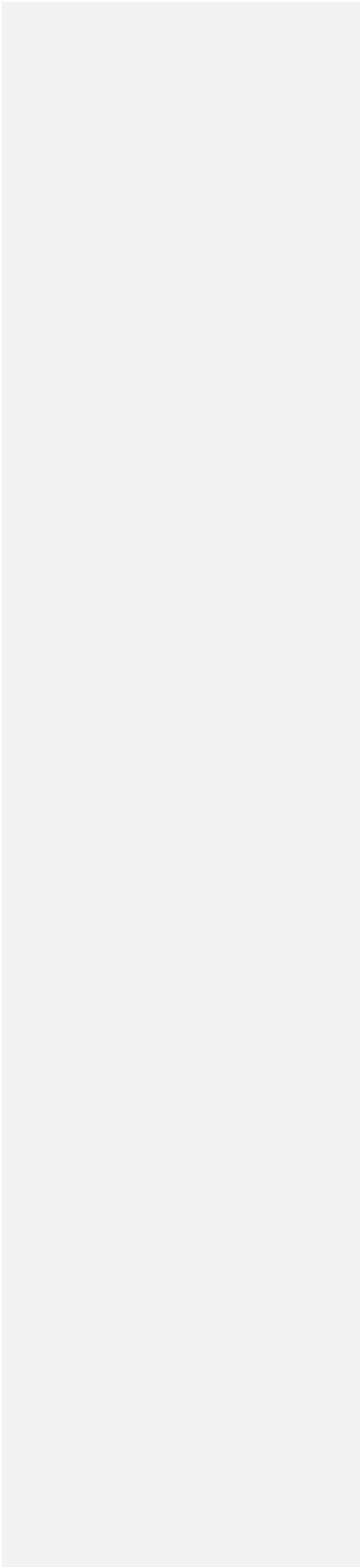
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business within any jurisdiction, whether licensed, registered or exempted from licensing or registration.





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.

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**2. Customers' Interests:** Intermediaries mustare expected to place Customers' interests ahead of their own. 2. Thisincludes when an intermediaryIntermediary is developing, marketing, recommending, distributing and servicing products.

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**3. Conflicts of Interest:** Intermediaries mustare expected to identify, disclose and manage any actual or potential conflict of interest that is associated with a transaction or recommendation. They mustare expected to avoid enteringinto or pursuing agreements for which conflict(s)conflicts of interestsinterest cannot be managed, or if it interferesthey interfere with the fair treatment of Customers. of Customers.



**4. Advice:** When providing advice to or for a Customer, intermediaries mustIntermediaries are expected to seek completeappropriate information from the Customer in order to understand and identify their unique needs. Intermediaries mustare expected to provide objective, accurate and thorough advice that enables Customersthe Customer to make an informeddecision. Advice mustis expected to be suitable for the needs of the Customer based on the Customer's disclosedcircumstances.

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**6.5. Disclosure:** Intermediaries mustare expected to provide Customers with objective, completeappropriate, relevant, timely andaccurate information and explanations so that they can make informed decisions. Intermediaries mustare expected to:

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- Properly disclose relevantthe 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.

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

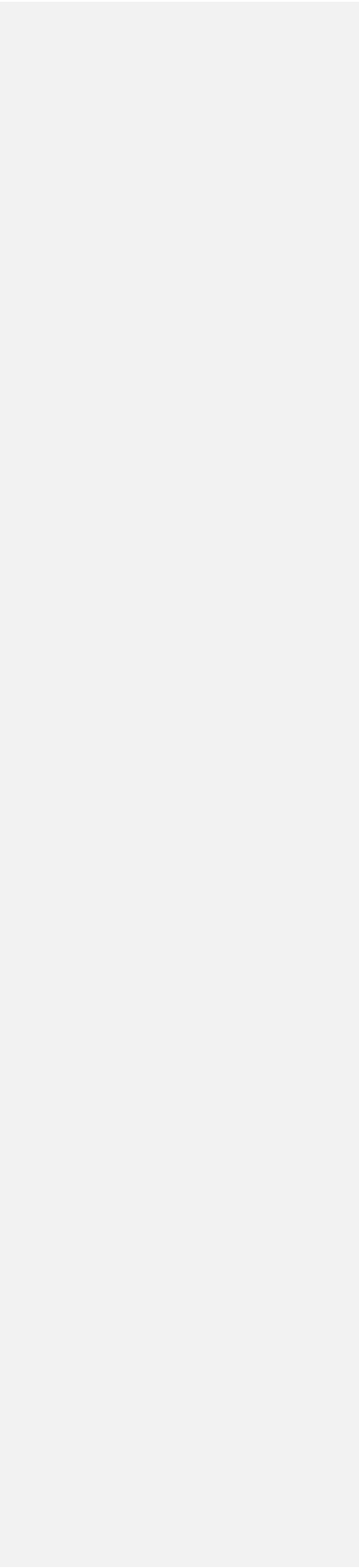
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**7. Claims, Complaints Handling, and Dispute Resolution:** Intermediaries ~~must~~are expected to handle or ~~8-~~cooperate in the





**9-8. Protection of Personal and Confidential Information:** Intermediaries mustare expected to take necessaryand 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; and or as required by law.
- Comply with all applicable privacy legislation to appropriately manage the information.

**10. Competence:** Intermediaries mustare expected to maintain an appropriate level of professional knowledge and should stay current through continuing education to ensure the

**9. fair treatment of Customers.** ContinuingWhere applicable, continuing education requirements must be fulfilled and duties must match training/education. Intermediaries mustare expected to not misrepresent their levelof competence or conduct business beyond their level of professional knowledge and experience, and duties must match training/education.

**11. 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.

**10.** 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.

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