



Canadian Insurance Services Regulatory Organizations (CISRO)

## Principles of Conduct for Intermediaries

### Preamble

The CISRO Principles of Conduct for 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. Any stricter or more specific 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 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 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 the internet.<sup>3</sup>

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

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<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>

<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 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 must place Customers' interests ahead of their own. This includes when an intermediary is developing, marketing, distributing and servicing products.



**3. Conflicts of Interest:** Intermediaries must identify, disclose and manage any actual or potential conflict of interest that is associated with a transaction or recommendation. They must avoid entering into or pursuing agreements for which conflict(s) of interests cannot be managed, or if it interferes with the fair treatment of Customers.



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



**5. Disclosure:** Intermediaries must provide Customers with objective, complete, relevant, and accurate information and explanations so that they can make informed decisions. Intermediaries must:

- Properly disclose relevant 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 must ensure that products and services are promoted in a clear and fair manner. Regardless of the distribution model or medium used, Intermediaries must ensure that promotions are not misleading, and are easily understandable. Product promotions must disclose all necessary and appropriate information.



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



**8. Protection of Personal and Confidential Information:** Intermediaries must take necessary and appropriate measures to protect personal and confidential information. They must:

- Only collect information that is necessary and appropriate for the fulfillment of the service or product provided;
- Use and disclose the information only for purposes and for the duration for which the Customer has given consent; and
- Comply with all applicable privacy legislation to appropriately manage the information.



**9. Competence:** Intermediaries must maintain an appropriate level of professional knowledge to ensure the fair treatment of Customers. Continuing education requirements must be fulfilled and duties must match training/education. Intermediaries must not misrepresent their level of competence or conduct business beyond their level of professional knowledge and experience.



**10. Oversight:** Intermediaries with contractual or regulatory oversight obligations are also responsible for the conduct of any employee or third party involved in the distribution or servicing of an insurance product. Intermediaries 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.