



NEWS RELEASE

For Immediate Release

Canadian Council of Insurance Regulators
Canadian Insurance Services Regulatory Organizations

CCIR and CISRO Release Proposed Guidance on Incentives Management for Consultation

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TORONTO – The Canadian Council of Insurance Regulators (CCIR) and the Canadian Insurance Services Regulatory Organizations (CISRO) have released for public consultation a proposed guidance that sets out expectations for insurers and intermediaries that pay compensation and/or design incentive arrangements related to the sales and servicing of insurance products.

The proposed *Incentive Management Guidance* [[LINK](#)] (guidance) is intended to complement *CCIR-CISRO Guidance: Conduct of Insurance Business and Fair Treatment of Customers* (FTC Guidance) [[LINK](#)], and ensure incentive arrangements align with principles set out in that document.

Like the FTC Guidance, this guidance is principles-based and provides insurers and intermediaries with the discretion necessary to devise strategies, policies and controls in support of fair customer outcomes based on the nature, size and complexity of their business activities. While both insurers and intermediaries have a shared responsibility, the insurer bears the ultimate responsibility for fair treatment of customers through to the end of a product's lifecycle.

CCIR and CISRO invite all interested parties to review and comment on this guidance. The guidance is available on the CCIR and CISRO websites (ccir-ccrra.org, cisro-ocra.com). The consultation period will be 45 days in length and the deadline to provide written submissions is April 4, 2022. Please send comments to the CCIR Secretariat at ccir-ccrra@fsrao.ca.

Please note that CCIR and CISRO may publish on their respective websites all submissions received pursuant to this consultation process.

“Fair treatment of customers has quickly become the key focus of financial services regulatory authorities in Canada and abroad,” said Robert Bradley, Chair of CCIR. “The proposed guidance builds on the foundation set by *CCIR-CISRO Guidance: Conduct of Insurance Business and Fair Treatment of Customers* by addressing a specific set of industry practices and how they can best support fair treatment of customers,” he added.

“Insurance intermediaries play an important role in the fair treatment of insurance customers,” said Éric Jacob, Chair of CISRO. “While insurance intermediaries are compensated for the services they provide, the proposed guidance will help to ensure that the risks that arise from compensation are properly managed,” he added.

Background

In 2018, the Canadian Council of Insurance Regulators (CCIR) and the Canadian Insurance Services Regulatory Organizations (CISRO) implemented *CCIR-CISRO Guidance: Conduct of Insurance Business and Fair Treatment of Customers* (FTC Guidance). The FTC Guidance supports the strategic priorities of both CCIR and CISRO.

After the release of the FTC Guidance, CCIR and CISRO continued to meet with insurers and intermediaries on its implementation. In these meetings, stakeholders requested further direction on the application of fair treatment principles to incentives, and shared information about common industry practices in this area. CCIR and CISRO concluded that some incentive practices may present risks to the fair treatment of customers, and that there was insufficient evidence that these risks were being properly managed. As a result, CCIR and CISRO undertook to develop additional guidance specific to the alignment of compensation and incentives structures with FTC Guidance principles. The *Incentive Management Guidance*, now released for public consultation, is the product of that work.

About CCIR

The Canadian Council of Insurance Regulators is an inter-jurisdictional association of insurance regulators. The mandate of the CCIR is to facilitate and promote an efficient and effective insurance regulatory system in Canada to serve the public interest. CCIR members work together to develop solutions to common regulatory issues.

About CISRO

The Canadian Insurance Services Regulatory Organizations is a forum of Canadian regulatory authorities who are dedicated to consistent qualifications and conduct of business standards for insurance intermediaries. CISRO members collaborate on initiatives that support a consistent approach to consumer protection through the regulation of insurance intermediaries.

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