CCIR and CISRO Notice

Segregated Funds Guidance

November 2025

Introduction

The Canadian Council of Insurance Regulators (**CCIR**) and the Canadian Insurance Services Regulatory Organizations (**CISRO**) are publishing a final version of the Segregated Funds Guidance (**Guidance**). The Guidance establishes enhanced national expectations for insurers and intermediaries with respect to the design, distribution, issuance, sale and servicing of individual variable insurance contracts (**IVICs**).[1]

CCIR and CISRO expect that insurance regulators in each Canadian jurisdiction will implement the Guidance in a manner consistent with their legal framework and culture.

What is an IVIC?

An IVIC is a life insurance contract between an insured and insurer that allows for investments in segregated funds. IVICs are similar to mutual funds but differ in that the insurance elements included in the contract offer certain protections. These protections include guaranteed protection against certain investment risk upon death of the insured person or when the IVIC matures.

CCIR and CISRO work on IVICs

Since establishing the Segregated Funds Working Group, CCIR and CISRO have consulted on many topics related to segregated funds and the fair treatment of customers.[2] The most recent consultation was the public consultation on CCIR and CISRO's proposed segregated funds guidance held earlier this year.

[1] IVICs are commonly referred to as segregated fund contracts.
[2] Appendix A to this Notice contains details of these consultations.

Public Consultation on Proposed Segregated Funds Guidance

CCIR and CISRO want to thank everyone who provided comments in response to this consultation for sharing their insights on the Guidance and in doing so contributing to the fair treatment of customers. The comments received were thoughtful and constructive.

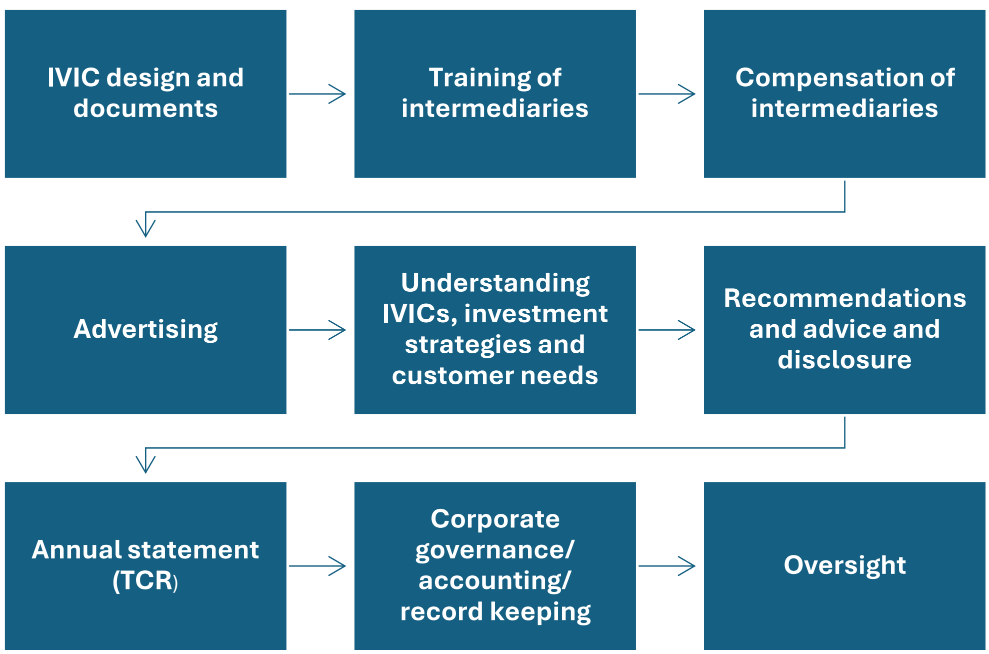
Substance and Purpose of the Guidance

The Guidance is intended to provide similar consumer protection regimes for IVICs and mutual funds given their similarity as investment vehicles, taking into account the differences in these products. It further develops principles and expectations set out in other applicable guidance, including the Conduct of Insurance Business and Fair Treatment of Customers Guidance (**FTC Guidance**) and Incentive Management Guidance (**IMG**). It builds on CCIR and CISRO's work on segregated funds by consolidating CCIR and CISRO's expectations for insurers and intermediaries relating to the design, distribution, issuance, sale and servicing of IVICs.

Guidance Content Overview

The Guidance includes principles and detailed expectations to assist in applying the principles. Expectations are intended to be based on the activities conducted throughout the life cycle of an IVIC.

At a high level, the Guidance covers the following topics:



The Guidance, and these topics, are based on:

- Current legislative and regulatory requirements,
- Regulatory guidance and expectations, and
- Current industry standards, guidelines and reference documents.

A list of CCIR/CISRO guidance and industry guidelines and reference documents considered in the development of the Guidance can be found in Appendix A.

Questions

If you have any questions about the Guidance or other initiatives of CCIR and CISRO, please contact ccir-ccrra@fsrao.ca and/or cisro-ocra@fsrao.ca.

About CCIR

The Canadian Council of Insurance Regulators is a national association of insurance regulators that traces its roots back to 1914. The mandate of CCIR is to enhance insurance supervision and regulation to serve the public interest and to foster increased cooperative supervision and information sharing among regulatory authorities.

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.

APPENDIX A – National Regulatory Guidance and Industry Sources

All hyperlinks last accessed on November 14, 2025.

CCIR and CISRO Sources

Some CCIR and CISRO member jurisdictions have brought local rules or regulations into force that implement the CCIR and CISRO position on deferred sales charges in the sale of IVICs and total cost reporting.

1. CCIR Segregated Funds Working Group Issues Paper (**Seg Funds Issues Paper**) (May 2016). The Seg Funds Issues Paper sets out the CCIR's understanding of the comparative regulatory frameworks for segregated funds and mutual funds, including existing and potential gaps that may need to be addressed to protect consumers. Stakeholder feedback was requested in several areas including
    i. Disclosure of fees/cost, account and product performance
    ii. Risk classification of segregated funds
    iii. Oversight of segregated fund sales
    iv. Standard of care for intermediaries.
2. CCIR Segregated Funds Working Group Position Paper (**Seg Funds Position Paper**) (Dec 2017). The Seg Funds Position Paper communicated learnings from the feedback on the Seg Funds Issues Paper and set out recommendations regarding the issues discussed. The Seg Funds Position Paper was followed by the publication in 2018 of a final version of the proposed minimum required content for the client account statement, along with a prototype client account statement.
3. CCIR and CISRO Guidance: Conduct of Insurance Business and Fair Treatment of Customers (**FTC Guidance**) (Sept 2018). The FTC Guidance sets out expectations for how insurers and intermediaries conduct insurance business and ensure the fair treatment of customers.
4. CCIR and CISRO Statement on Deferred Sales Charges (**DSCs**) and upfront commissions in segregated fund sales (Feb 2022). In this statement, CCIR and CISRO set out their position on the use of DSCs in segregated fund contract sales, and their intention to consult on other upfront commissions in IVICs.
5. CCIR and CISRO Discussion Paper on Upfront Compensation in Segregated Funds (Sep 2022). CCIR and CISRO released this discussion paper to, among other things, understand compensation arrangements in segregated funds and IVICs, and what other changes to Upfront Compensation may be needed.
6. CCIR and CISRO Incentive Management Guidance (**IM Guidance**) (Nov 2022). This guidance sets an important baseline for better aligning incentive arrangements paid for insurance products with the principles in the FTC Guidance.
7. CSA and CCIR Individual Variable Insurance Contracts Ongoing Disclosure Guidance (commonly referred to as **Total Cost Reporting** or **TCR Guidance**) (April 2023). This guidance relates to annual report to clients showing the ongoing costs of owning segregated funds.

8. CCIR-CISRO Position on the Discussion Paper on Upfront Compensation in Segregated Funds (May 2023). This paper announced the actions CCIR and CISRO intended to pursue following the public consultation held in 2022.
9. CCIR-CISRO Notice and Request for Comment: Proposed Consolidated Segregated Fund Guidance (January 2025). The CCIR and CISRO notice announced the 90-day comment period on the proposed consolidated segregated funds guidance.

Industry Sources

1. CLHIA Guideline G2: Individual Variable Insurance Contracts Relating To Segregated Funds (Mar 2014). CCIR and CISRO considered this document in the context of developing expectations relating to designing IVICs and disclosure documents (including information folders and fund facts), advertising, annual statements, notices regarding partitioning assets held in segregated funds, notices regarding merging and closing segregated funds, notices regarding fundamental changes to segregated funds, corporate governance of segregated funds and audit and accounting.
2. CLHIA Guideline G8: Advisor Suitability: Screening, Monitoring and Reporting (Dec 2014). CCIR and CISRO considered this document in the context of developing expectations relating to oversight.
3. CLHIA IVIC Suitability Needs-Based Sales Practices (Oct 2016). CCIR and CISRO considered this document in the context of developing expectations relating to designing IVICs and disclosure documents, knowing products, collecting customer information, identifying customer needs, providing suitable advice and disclosures.
4. CLHIA, Advocis, CAILBA and IFB Reference document: The Approach, Serving the Client Through Need-based Sales Practices (Nov 2016). CCIR and CISRO considered this document in the context of developing expectations relating to knowing products, collecting customer information, identifying customer needs, providing suitable advice and disclosures, and oversight.