



French

Definitions of Terms Used in the Annual Statement on Market Conduct – Property and Casualty Insurance

CLASSES OF INSURANCE

The Annual Statement on Market Conduct – P&C uses the same classes of insurance as the P&C Quarterly Return / Annual Supplement. Please refer to the definitions of the classes of insurance used in those forms.

Please note that the category "Accident and Sickness" includes individual and groups policies. No insurance policy of this class is commercial, regardless of the policyholder's nature.

COMMERCIAL LINES INSURANCE

Insurance for businesses, professionals and commercial establishments. Insurance lines are used to cover commercial risks as opposed to personal lines, which cover personal risks. Examples include commercial general liability (CGL), workers compensation, and commercial property insurance.

COMPLAINTS

Is the expression of at least one of the following elements that persists after being considered and examined at the operational level capable of making a decision on the matter:

- A reproach against an organization;
- The identification of a real or potential harm that a consumer has experienced or may experience;
- A request for a remedial action.

Complaints are generally expressed in writing through correspondence, e-mail, fax or other form that allows a complaint to be kept on file. Where a consumer makes a complaint by phone or in person and the complaint is handled and examined by the person responsible for the examination of complaints and designated as such in the organization's policy, the complaint must be documented so that it can be kept on file.

The initial expression of dissatisfaction by a consumer, whether in writing or otherwise, will not be considered a complaint where the issue is settled in the ordinary course of business. However, in the event the consumer remains dissatisfied and such dissatisfaction is referred to the person who is responsible for the examination of complaints and designated as such in the organization's policy, then it will be considered as a complaint.

However, organizations must refrain from any undue delay in referring a matter to a higher level solely for the purpose of avoiding reporting requirements. Where a consumer remains dissatisfied after a reasonable attempt has been made to settle the issue, organizations without a multilevel complaint examination structure are then considered to have received a complaint.

CUSTOMERS

All current and prospective customers of insurance products.

DISTRIBUTION CHANNELS

Direct or exclusive channels

Direct or exclusive agents: Agents bound by an exclusive contract with a single property and casualty insurer or act on behalf of a firm that is an insurer.

Direct or exclusive firms: Firms that are bound by an exclusive contract with a single property and casualty insurer.

Independent channels

Independent agents (brokers): Agents who offer products from various insurers. Independent agents distributing P&C insurance are referred to as brokers.

Brokerage firms: Firms who distribute products from various insurers. Brokerage firms include Managing General agents, if applicable.

Other distribution channels

Any distribution channel other than direct or exclusive and independent channels. For example, exempt sellers, restricted licensees and those who offer the product through Quebec's "without a representative" regime.

Distribution of products sold through Internet (full online sale process)

A product is considered to be "sold by Internet/online*" if the entire sale process is done online without using the services of an agent or broker. If a sale is completed by a licensed agent after the consumer obtains information or a price from a website, it is not considered as an Internet sale.

EMPLOYEE

A person that is remunerated through salary or wages by an insurer and is working more than 25 hours per week. It does not include an employee paid primarily by commission. Includes all classes of employees (permanent, contractual, seasonal, etc.).

FAIR TREATMENT OF CUSTOMERS (FTC)

A principle that focuses on consumer outcomes, in particular, having due regard for the interests of the consumer and treating the consumer fairly. It refers to the consumer-related conduct of insurers and how insurers treat consumers at each stage of the life cycle of a product. The lifecycle of the product begins with its design to after-sales services and from the moment obligations under the contract arise until the point at which all obligations under the contract have been fulfilled.

The outcomes associated with FTC as described by the International Association of Insurance Supervisors (IAIS) include the following:

- Developing and marketing products in a way that pays due regard to the interests of customers;
- Providing customers with clear information before, during and after the point of sale;
- Reducing the risk of sales which are not appropriate to customers' needs;
- Ensuring that any advice given is of a high quality;
- Dealing with customer complaints and disputes in a fair manner;
- Protecting the privacy of information obtained from customers; and
- Managing the reasonable expectations of customers.

Areas within an insurer and its operations that can influence and help ensure the FTC include:

- Board and senior management responsibility;
- Strategy and decision-making;
- Internal processes and mechanisms (controls);
- Performance management;
- Remuneration; and
- Policies and procedures.

The CCIR notes that while these outcomes are intended to be a key component of a globally accepted regulatory framework, the IAIS notes that context and conditions within a given jurisdiction, including legal, regulatory and financial considerations, will ultimately affect the implementation and application of FTC and its associated outcomes.

MARKET CONDUCT

Any product or service relationship between the insurance industry (insurers or intermediaries) and the public, specifically the risks to customers that arise if an insurer or intermediary fails to treat customers fairly and in accordance with applicable Law, and includes the terms "conduct of business" and "commercial practices" as used in some jurisdictions.

PERSONAL LINES INSURANCE

Insurance purchased by an individual (as opposed to an organization) to protect against personal risks.

PRODUCTS

Each combination of benefits presented under a same name and each main insurance coverage with an own insurance form (wording) is considered as distinct product and must be reported separately. For purposes of this disclosure, an endorsement is not considered a product.

Examples:

- Homeowner - Property
- Tenant occupant - Property
- Owner - Auto
- Complementary Insurance for Damage Caused to Insured Vehicle (Replacement Insurance) – Auto

SALES MANAGEMENT

An employee of an insurer, responsible for oversight of the sales force

SALES FORCE

Those who offer the product to the customers (for example agents, exempt sellers, restricted licensees and those who offer the product through Quebec's "without a representative" regime).

SENIOR OFFICER IN CHARGE OF THE FAIR TREATMENT OF CUSTOMERS

The person in charge of ensuring the development, implementation and enforcement of fair treatment of customers-related operational policies and practices.