



Notice to all damage (P&C) insurers authorized to carry on business in Québec regarding a pricing practice used for subscription insurance policies

As a member of the Canadian Council of Insurance Regulators (CCIR), the Autorité des marchés financiers (AMF) works with other insurance regulators in Canada on an ongoing basis to develop solutions to facilitate and promote an insurance regulatory system that serves the public interest.

Over the past year, the AMF participated in a CCIR working group looking at a pricing practice used for subscription insurance policies. Under this practice, known as Best Terms Pricing (BTP), the premium payable to the participating insurers is established based on the best terms offered. In other words, it is uniformly based on a higher rate than the rates initially submitted by them on an individual basis or the risk allocation. The CCIR BTP Working Group sought to assess the extent of the practice in Canada and ensure that it is aligned with fair treatment of customers (FTC) principles.

Alongside the work and consultations carried out with the industry by the CCIR BTP Working Group, the AMF conducted an analysis in 2021 of insurance for syndicates of co-owners (condominiums) and found that the practice also exists in Québec.

In line with the conclusion reached by the CCIR and expressed in its December 2, 2021 [news release](#), the AMF finds that this practice contravenes section 50 of the *Insurers Act*, which states that “an authorized insurer must adhere to sound business practices. In carrying on its financial institution activities, such practices include providing fair treatment to its clientele...”.

The AMF consequently expects insurers to discontinue this practice as soon as possible or no later than January 1, 2023. As of that date, they must be able to demonstrate that the practice is no longer used in their activities. If the situation is not remedied, the AMF may use the enforcement measures provided for in the laws it administers to ensure compliance with the obligation to adhere to sound commercial practices.

If you have any questions, please contact:

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