

# Advisory

## CCIR Report on the Fair Treatment of Customers Governance and Business Culture by Canadian Insurers

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**Date:** June 27, 2024  
**Distribution:** All Insurers Authorized in B.C.  
**Advisory Number:** 24-021

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### PURPOSE

The Canadian Council of Insurance Regulators (“CCIR”) released a report this week that highlights the need for authorized insurers to take more action to make Fair Treatment of Customers (“FTC”) a fundamental part of their corporate culture.

In making FTC a part of corporate culture, insurers better align with the principles contained within the British Columbia (“B.C.”) [Insurer Code of Market Conduct \(“Code”\)](#) which came into force April 1, 2024. Treating customers fairly enhances confidence and trust in the financial system. Achieving fair outcomes requires companies to consider how they are integrating and promoting an FTC culture, actioned from the top through governance structures.

The CCIR report and BCFSAs own work highlights that gaps exist in FTC governance practices that must be addressed. BCFSAs advises insurers to evaluate and enhance their focus on FTC governance in light of the findings of the CCIR report.

BCFSAs will commence assessing insurers’ alignment with the principles of the Code in 2024. The assessment work will focus on the steps senior leadership are taking to embed FTC in their business practices, including entities providing customer services on their behalf, and the actions insurers are taking to identify and address gaps in governance of FTC.

### BACKGROUND

On June 27, 2024, [CCIR released a report](#) that gives new insights into insurers’ governance and business culture practices in relation to FTC. Over the past few years, examinations were conducted by CCIR, led by the Autorité des marchés financiers (“AMF”), to assess insurers’ implementation of principles and expectations set out in applicable guidance, frameworks, and supervisory letters.

While many insurers self-assess their company’s state of maturity in terms of FTC governance and culture at an advanced stage in the Annual Statement on Market Conduct, the report found that only a small percentage of insurers were able to demonstrate that the board of directors and senior management had integrated and promoted an FTC culture, and that it was present at all levels of the organization. Most of the insurers were unable to demonstrate all the expectations relating to an FTC culture had been implemented. BCFSAs has observed many of the same gaps in adopting and embedding FTC in the business culture in its own recent market conduct examinations.

Every insurer authorized to conduct business in B.C. through a business authorization issued by BCFSAs (reinsurers, reciprocal exchanges, and captive insurance companies excluded) is required to adopt and adhere to the Code established by BCFSAs. The Code includes 12 principles drawn from the CCIR Conduct

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of Insurance Business and Fair Treatment of Customers guidance, which B.C. authorized insurers are required to implement for their B.C. business effective April 1, 2024. While the Code is principles-based and provides insurers with latitude to implement the 12 principles in their operations in a flexible manner, insurers are required to make FTC a core component of their governance and business culture, which means prioritizing FTC throughout the product lifecycle from product development, underwriting, sales, and to the point at which all obligations under a contract have been satisfied.

#### **ADDITIONAL INFORMATION**

Insurers are encouraged to review the CCIR report as well as other FTC-related reports and guidance published on BCFSA's B.C.'s Insurer Code of Market Conduct webpage ([B.C.'s Insurer Code of Market Conduct | BCFSA](#)) and CCIR's website ([Papers & Reports \(ccir-ccrra.org\)](#)) on a periodic basis to increase awareness of practices that may support insurers' adherence to the principles in the Code.

For questions in respect of this Advisory or the Code, please contact the BCFSA Market Conduct Branch at [insurance@bcfsa.ca](mailto:insurance@bcfsa.ca).