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Regulators lay foundation for improved protection for insurance policyholders

Toronto - The Canadian Council of Insurance Regulators (CCIR) today adopted a vision statement on consumer protection that creates a foundation for stronger protection measures for insurance policyholders.

Called *Principles for Consumer Protection*, the statement provides a generic, high-level standard that will apply to all CCIR consumer protection projects. The principles cover topics such as the disclosure of information to policyholders from insurance companies and agents, and the value of insurance contracts that are stated in clear, direct language.

“With this new standard we’ve put in place, current and future insurance policyholders can look for a higher level of protection in dealing with insurance companies and intermediaries,” said Winston Morris, the Chair of CCIR and Superintendent of Insurance for Newfoundland and Labrador. “The regulators across Canada have agreed to this framework for consumer protection. All of our projects will be measured against these standards.”

In adopting the statement, CCIR has laid the groundwork for its consumer protection program – one of the three top priorities in its first strategic plan. CCIR is currently undertaking projects on its other priorities - communications, and improved co-operation among the regulators.

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MEDIA BACKGROUNDER

About the five consumer protection principles

CCIR's June 9, 2000 endorsement of five Consumer Protection Principles creates a generic, high level standard that forms the basis for CCIR's projects in consumer protection. It also provides a benchmark against which to measure its consumer protection initiatives.

Consumer Protection Principle #1: Disclosure

Consumers can expect:

- full, true and plain disclosure about products and services they are purchasing
- to be fully informed when they are making decisions about insurance, including with whom they are entering a contract
- contracts that are written in clear, direct language.

Consumer Protection Principle #2: Educated and ethical intermediaries

Consumers can expect:

- information concerning who is accountable for the seller's actions in a sales transaction
- intermediaries who have exceeded a significant minimum standard of proficiency
- intermediaries who are committed to maintaining their knowledge and skills through continuing education
- intermediaries and insurance companies who demonstrate consistent professional standards of business practice, integrity and ethical conduct.

Consumer Protection Principle #3: Consumer education

Consumers can expect:

- to be provided with sufficient information that is clear and easily accessible, which helps them to become more knowledgeable about their insurance coverage.

Consumer Protection Principle #4: Consumer remedies

Consumers can expect:

- protection from misleading or dishonest sales practices
- easily accessible information on how to seek a remedy, including redress, for problems arising out of interactions with insurance companies or intermediaries
- to have problems addressed quickly and inexpensively in a neutral and balanced manner.

Consumer Protection Principle #5: Effective regulators

Consumers can expect:

- fair and effective regulators who will investigate complaints and stop unethical or improper behaviour and unconscionable practices among insurance companies and intermediaries
- a regulator who, when requested, will inform them of options to remedy a wrong or loss, or to seek redress
- privacy of their personal information
- a regulatory system that fosters a stable and solvent industry.

About the Canadian Council of Insurance Regulators (CCIR)

- The Canadian Council of Insurance Regulators (CCIR) is an inter-jurisdictional association of regulators of insurance. Its mandate is to facilitate and promote an effective regulatory system in Canada to serve the public interest. CCIR works cooperatively with other financial services regulators to enhance consumer protection and to develop and harmonize insurance policy and regulation across jurisdictions.
- The Chair of CCIR is Winston Morris, Assistant Deputy Minister of Commercial and Corporate Affairs for Newfoundland and Labrador. Before being named to his present position in 1995, Mr. Morris was Director of Debt Management for the province's Department of Finance.
- CCIR's first strategic plan describes a vision for the organization five years into the future, outlining priorities and objectives in the areas of enhanced consumer protection, communications, and inter-jurisdictional cooperation. For example, CCIR will work to develop and streamline a set of nationally-accepted classes of insurance and make it easier for industry to develop new products, such as loss-of-employment insurance. Another objective is to explore industry funded options for resolving consumers' disputes about insurance outside of court.
- To support these goals, CCIR is establishing a permanent Secretariat. Staffed by a policy manager and a part-time administrative coordinator, the Secretariat will provide research, project management, technical and administrative support for CCIR's initiatives. The Secretariat will take its direction from the CCIR Chair. The Secretariat is expected to be fully operational this month.
- Some recent CCIR milestones include:
 - September 1999: Started industry consultations on a proposed single, harmonized minimum capital test that all regulators could adopt to ensure that property and casualty insurers meet capital adequacy standards.
 - October 1999: launch of an initiative to improve the information provided to consumers when they buy life insurance.