



Canadian Association of  
Mutual Insurance Companies

311 McArthur Avenue, suite 205  
Ottawa, Ontario  
K1L 6P1

Association canadienne des  
compagnies d'assurance mutuelles

311, avenue McArthur, suite 205  
Ottawa (Ontario)  
K1L 6P1

May 21, 2004

Ms. Maria Policelli  
Policy Manager  
CCIR Secretariat  
5160 Yonge Street, Box 85  
17<sup>th</sup> Floor  
Toronto ON M2N 6L9

**Re: Inducements, rebating and tied selling**

Thank you for the opportunity to comment on a number of market conduct issues being considered by the Canadian Council of Insurance Regulators, namely issues related to inducements, rebating and tied selling.

The Canadian Association of Mutual Insurance Companies (CAMIC) is of the view that rebating and inducements related to property & casualty insurance products should be considered separately.

The Association considers inducements as a genuine marketing tool. Consequently, we would favour relaxing the prohibition related to inducements intended at encouraging consumers to request a quote or learn more about a product; however, the inducement must not be tied to the purchase of any insurance product.

CAMIC is against any proposal directed at changing the provisions related to the rebating of premium. However, the Association does not oppose changing the rules to allow the give-away, or the sale at a discount price, of risk management tools (smoke alarms, anti-theft devices, etc.), following the purchase of an insurance product as long as these risk management tools have proven reducing the losses covered by the insurance product purchased.

.../2

CAMIC recognizes that the bundling of insurance products would be cost effective. Consistent with our objective to promote a strong and competitive insurance market, we favour allowing the bundling of property & casualty insurance products, but we oppose the bundling of property & casualty insurance products with other financial services. The bundling of property & casualty insurance products should be allowed provided consumers have the ability to purchase the property & casualty insurance products separately. We concur with the statement that this might allow insurers to generate savings that could be passed on to consumers.

Regards,



Normand Lafrenière  
President  
NL/fd

The Canadian Association of Mutual Insurance Companies (CAMIC) is a national trade association for property and casualty mutual insurers in Canada. It provides information, research, advocacy to its members and negotiates supply agreements. The Association promotes a strong, healthy and competitive insurance market and supports regulatory efficiency and legislative changes which are in the interest of all policyholders. The present membership of CAMIC includes 96 mutual insurers from coast to coast. In 2003, our member companies had approximately 4 million policyholders; employed in excess of 10,000 managers, employees and agents and underwrote \$4.1 billion in premiums (11.7% of the Canadian market).

Mutual insurance companies are owned by their policyholders and most of them operate under the one member, one vote principle. The policyholders elect the board of directors of their company. Mutual insurers are renowned for their strong balance sheet and their community involvement. Most Canadian mutual insurers are based in small communities.