



## NEWS RELEASE

For Immediate Release

Canadian Council of Insurance Regulators

### **Best Terms Pricing**

December 2, 2021

TORONTO – The Canadian Council of Insurance Regulators (CCIR) issued a news release in December 2020 stating that it would look at the practice of Best Terms Pricing on subscription policies within the broader commercial insurance market, to ensure the practice aligns with fair treatment of customers principles. Best terms pricing (BTP) is a method of pricing a subscription insurance policy, where there are multiple insurers covering varying portions of a particular risk. The insurers are paid uniformly based on the highest rate offered, regardless of the risk allocation.

CCIR's consideration of BTP in the broader commercial market is an extension of regulatory reviews conducted by CCIR Members in British Columbia and Alberta with respect to strata or condominium subscription policies. Since these reviews, the CCIR BTP Working Group has engaged with the industry, including both insurers and brokers, to better understand the extent of the practice and the impact on consumers.

CCIR has concluded that BTP exists in the broader commercial market and outcomes, including adverse premium inflation, do not support the fair treatment of customers. CCIR understands that some insurance companies and brokers using BTP have, appropriately, discontinued the practice, while others are in the process of moving away from it.

Fair and transparent pricing is essential to a successful marketplace and CCIR Members expect insurers and brokers to cease BTP practices. CCIR Members will work collaboratively with each other and the industry to ensure a timely transition from BTP.

#### **About CCIR**

The Canadian Council of Insurance Regulators is an inter-jurisdictional association of insurance regulators. The mandate of the CCIR is to facilitate and promote an efficient and effective insurance regulatory system in Canada to serve the public interest. We work together to develop solutions to common regulatory issues.

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