

2022 Annual Statement on Market Conduct Public Report



December 2023

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EXECUTIVE SUMMARY

This report provides an overview of notable observations from the 2022 Annual Statement on Market Conduct (ASMC) administered by the Canadian Council of Insurance Regulators (CCIR) on behalf of its members.

This report highlights key data points to provide a macro-level overview of the insurance industry in Canada, focusing on the Life & Health (L&H) and Property & Casualty (P&C) insurance sectors, as well as highlight any notable year-over-year changes between data points where applicable. It is intended to provide observations related to these highlighted trends as well as provide insight on how the data provided is relevant to regulatory work conducted by CCIR members.

KEY OBSERVATIONS

In both insurance sectors:

- ❖ The vast majority of respondents indicate compliance with the Fair Treatment of Customers (FTC) guidance is a priority within their business and they have mechanisms in place to demonstrate it their compliance;
- ❖ Cancellation and non-renewal rates were either stable or returning to pre-pandemic levels; and
- ❖ Premium volume remained the most prevalent factor considered by insurers when measuring staff performance and determining incentives/commissions.
- ❖ The three most common reasons for denial of claims continue to be:
 - Exclusions and limitations in the policy;
 - Not covered, except for exclusions and limitations in the policy; and
 - Failure to disclose or misrepresentation of material facts.

In the Life & Health Insurance (L&H) sector:

- ❖ The industry average of agent distribution contracts in the independent distribution channel continued to increase;
- ❖ Commission ratios (measured as the amount of commissions relative to direct written premium) increased slightly;
- ❖ Most complaints were related to Life for Individual lines of business, and Accident and Sickness for Group; and
- ❖ Ontario saw a modest increase in complaints relative to its population size, while Quebec had a similar decrease.

In the Property & Casualty (P&C) sector:

- ❖ Commission ratios generally decreased in major insurance classes (Accident and Sickness, Automobile, and Property);
- ❖ Most complaints were related to claims and settlement for both Automobile and Property; and
- ❖ British Columbia saw a strong decrease in complaints relative to its population size.

BACKGROUND

WHAT IS THE ANNUAL STATEMENT OF MARKET CONDUCT (ASMC)?

In 2017, CCIR developed the Annual Statement of Market Conduct (ASMC) as a resource to collect information from insurers across Canada in two sectors – life & health (L&H) and property & casualty (P&C). The ASMC was designed to forward a harmonized regulatory approach to better understand and assess the insurance marketplace and insurer conduct.

The ASMC is a mandatory filing collecting data on a jurisdiction-specific, industry wide basis. The requirement to complete and file the ASMC by insurers is based on the authority of each provincial and territorial insurance regulator within their jurisdiction.

Within CCIR, the Cooperative Supervision Oversight Committee (CSOC) manages the collection of information and reporting through the ASMC and revises the data reporting requirements on an annual basis.

WHAT IS CSOC?

CSOC is a CCIR standing committee overseeing the Memorandum of Understanding and the Framework for Cooperative Market Conduct Supervision in Canada. This includes oversight of CCIR's cooperative supervisory plans and activities, guided by the Fair Treatment of Customers (FTC) Guidance¹. The committee oversees cooperative supervision activities where emerging issues are examined on a thematic and/or insurer basis.

WHAT DOES THE CCIR USE THE ASMC DATA FOR?

The information collected consists of key market performance data for regulators to use, with the goal of providing more consistent measurements and comparisons between companies. In general, CCIR members use the ASMC to:

- ❖ monitor and assess the effectiveness of FTC Guidance and CCIR members' FTC regulatory requirements²;
- ❖ provide a macro-level overview of the insurance industry that can be monitored on an annual basis;
- ❖ monitor and respond to new trends;
- ❖ conduct risk assessments of classes of insurance, distribution channels and individual insurers;
- ❖ assess the industry's perception of their adoption and implementation of FTC principles;
- ❖ establish key risk indicators to assist in the development of examination assessments; and
- ❖ provide a reference tool during on-site examinations.

Since 2019, CCIR began publishing annual reports summarizing the key trends based on information collected in the ASMC for all Canadians. All provinces and territories participating in the ASMC exercise contribute data to produce this publication as a pan-Canadian data report.

¹ Reference [Conduct of Insurance Business and Fair Treatment of Customers Guidance](#).

² These are designed to satisfy the International Association of Insurance Supervisors' (IAIS) Insurance Core Principle (ICP) 19: Conduct of Business. Reference [ICP 19 Conduct of Business](#).

The 2023-2026 CCIR strategic plan demonstrates the importance of the oversight and supervisory work conducted by CSOC (including the ASMC) within the context of CCIR’s work for the next three years. The strategic plan focuses on three pillars to support the activities:

1. Regulatory policy;
2. Cooperative supervision; and
3. Regulatory collaboration.

The data collected through the ASMC can be considered under both the second and third pillars and relates to previous work done by CCIR under the first pillar.

RESULTS FROM THE 2022 ASMC

CCIR is sharing the following key results from the 2022 ASMC with the expectation insurers consider their own results against those of their industry, particularly as it relates to FTC outcomes. CCIR members expect insurers to be proactive in this regard and to act when required, as CCIR members will ensure expectations pertaining to FTC are met in future examinations.

Throughout the report, CCIR highlights how its members use the ASMC data and makes key observations when appropriate. The report is intended to provide market intelligence and promote market awareness for all industry participants, including insurers, industry associations and Canadian consumers. All the results should be viewed based on the nature, size, and complexity of an insurer’s activities.

The report is categorized in sections corresponding to the data in the ASMC. The type of data presented can sometimes differ between the P&C and L&H industries. For P&C insurance, data reported in this publication is limited to the three largest insurance classes: Accident and Sickness, Automobile, and Property.

FILING SUMMARY

L&H

There were 70 L&H insurers required to file the ASMC (broken down by size and jurisdiction of incorporation). Of those, 56 insurers were actively writing new business.

With reference to the categorizations below, for the purposes of this report, CCIR defines Small L&H insurers as having total direct written premiums (DWP) under \$150M. Medium insurers have DWP between \$150M and \$800M, and finally Large insurers have over \$800M DWP.

	Small	Medium	Large	Run Off	Industry
Total	21	20	15	14	70

P&C

There were 225 P&C insurers required to file the ASMC (broken down by size and jurisdiction of incorporation). Of those, 160 insurers were actively writing new personal lines business.

With reference to the categorizations below, for the purposes of this report, CCIR defines Small P&C insurers as having total direct written premiums (DWP) under \$50M. Medium insurers have DWP between \$50M and \$300M, and finally Large insurers have over \$300M DWP.

	Small	Medium	Large	Commercial & Run Off	Industry
Total	85	42	33	65	225

GOVERNANCE

The CCIR FTC is a principle focused on customer outcomes³, in particular having due regard for the interests of the customers. The FTC Guidance refers to the customer-related conduct of insurers and how insurers treat customers at each stage of the product life cycle. The life cycle begins with its design and covers services from the moment obligations under the contract arise until the point at which all obligations under the contract have been fulfilled.

The Governance section of the ASMC requires insurers to answer questions related to the following:

- ❖ Implementation and commitment to FTC within the organization
- ❖ Distribution methods used by the business; and
- ❖ Use of customer satisfaction surveys.

FTC IMPLEMENTATION

According to the FTC Guidance, insurers are expected to establish and implement policies and procedures on FTC as integral parts of their business culture. When asked:

Question: Do you have a documented code that incorporates Fair Treatment of Customers principles?

	Yes
L&H (Industry)	87.1%
P&C (Industry)	76.0%

The data showed a notable difference between insurers of different sizes⁴. While recognizing there may be logistical differences between insurers with different structures and levels of complexity, CCIR would like to emphasize the expectation insurers establish and implement policies and procedures on fair treatment of customers as integral parts of their business culture.

³ Reference page 8 of [Conduct of Insurance Business and Fair Treatment of Customers Guidance](#)

⁴ Reference the sizing definitions on pages 5-6 of this report.

Question: Is the Fair Treatment of Customers a priority at each stage of the product life cycle and in every area of your operations?

	Yes
L&H (Industry)	94.3%
P&C (Industry)	94.2%

If yes, indicate if you document the following practices:

Question: Develop strategies, objectives, and initiatives to promote the Fair Treatment of Customers

	Yes
L&H (Industry)	97.0%
P&C (Industry)	92.5%

Question: Develop measures and reports to inform management and the board of directors of the organization's performance in the Fair Treatment of Customers

	Yes
L&H (Industry)	89.4%
P&C (Industry)	83.0%

A majority of insurers indicated FTC is a priority in every area of their operations and have documented practices to promote FTC. Insurers should expect regulators to confirm these practices when supervisory reviews are conducted and be prepared to demonstrate their implementation.

METHODS OF DISTRIBUTION

Insurers were asked to indicate the following with respect to the use of Independent, Direct/Exclusive and Other distribution channels:

- ❖ The total number of distribution contracts (split between Agents and Firms)
- ❖ The total number of reviews or audits conducted that included a focus on FTC

L&H - INDEPENDENT CHANNELS

	2021	2022	Change
Distribution Contracts (Agents)	11677	12620	8.00%
Insurer reviews/audits conducted that included a focus on FTC	326	297	-8.90%

In the L&H sector, the industry average of agent distribution contracts in the independent channel rose by approximately 8% in 2022, following growth of approximately 25.8% in 2021. However, the industry

average of conducted reviews/audits that included a focus on FTC decreased in 2022 by approximately 8.9% after rising by 20.7% the year before.

While CCIR does not have a set threshold expected for FTC reviews to distribution contracts, CCIR observed instances of rapid agent growth in its cooperative MGA-focused thematic review⁵ conducted in 2022 and noted, the rapid increase could present potential challenges and risk in oversight of agents. CCIR encourages all insurers to assess whether the amount of FTC reviews they are conducting is appropriate based on distribution trends in their organization and the need to obtain reasonable assurance that their FTC expectations are met.

The only other notable trend is L&H agent distribution contracts in the direct/exclusive channel decreased 9% in 2022, following a previous drop of 8% in 2021. All other categories in both L&H and P&C remain relatively stable on a 3-year trend.

CCIR will continue to monitor these statistics to identify possible growth trends across both sectors.

CUSTOMER SATISFACTION SURVEYS

Insurers indicated the following with respect to the use of customer satisfaction surveys:

CUSTOMER SATISFACTION SURVEYS

	L&H	P&C
<i>What % of insurers conduct them?</i>	54.30%	62.70%
<i>When are they most frequently conducted?</i>	After Sale (76.3%)	After Claim (97.9%)
<i>When are they least frequently conducted?</i>	After Complaint (23.7%)	After Complaint (26.25%)

CCIR expects outreach to customers using tools such as customer satisfaction surveys are a simple, effective, and direct way of assessing outcomes related to the fair treatment of customers. All insurers regardless of size are encouraged to explore all possible avenues to allow the voice of their customers to be heard.

POLICIES

The Policies section of the ASMC requires insurers to provide information on the state of their policies in force and policies issued in their previous reporting period. Some of the data collected in this section include the following:

- ❖ Number of policies in force;
- ❖ New policies issued and number of denied applications; and
- ❖ Policy cancellations initiated by either the customer or insurer.

CCIR developed ratios based on the Policies data provided to analyze potential risks and trends associated with different classes of insurance.

L&H INSURANCE POLICIES

The following ratios were calculated and are reflected below:

⁵ Reference [CCIR cooperative MGA-focused thematic review - Consolidated observations report](#)

1. The insurer-initiated cancellations ratio⁶ is designed to provide data on the number of policies cancelled by insurers in a specific class of insurance.
2. The customer-initiated cancellations or non-renewals during free look period ratio⁷ is designed to broadly capture what classes of insurance are mostly likely to have customers cancel policies during the “free look” period.
3. The customer-initiated cancellations or non-renewals excluding "free look period" ratio⁸ is designed to capture which classes of insurance are being cancelled during the normal life span of a product excluding the initial “free look period”.

The Accident and Sickness category reported a continued reduction in the number of policies in force, decreasing by 8.87% in 2022 following a decrease of 4.43% in 2021 (a difference of 4.44 percentage points). Customer-initiated cancellations within the free look period saw a sharp increase from 2021, returning exactly to its 2019 level.

ACCIDENT AND SICKNESS

Ratio	2022	Change in Percentage Points
Changes in policies in force	-8.87%	-4.44
Customer-initiated cancellations ratio (during free look period)	0.87%	+0.46
Customer-initiated cancellations ratio (excluding free look period)	6.06%	+0.57
Insurer-initiated cancellations	0.66%	+0.14

Similarly, customer-initiated cancellations within free look period in Life returned approximately to 2019 levels after 2 years of decline.

LIFE

Ratio	2022	Change in Percentage Points
Changes in policies in force	0.97%	-0.08
Customer-initiated cancellations ratio (during free look period)	0.22%	+0.07
Customer-initiated cancellations ratio (excluding free look period)	2.86%	+0.16
Insurer-initiated cancellations	0.33%	+0.03

⁶ Insurer-initiated cancellations ratio = Number of insurance-initiated cancellations / policies in force at the end of the period

⁷ Customer initiated cancellations or non-renewals during free look period ratio = Total customer-initiated cancellations or non-renewals during free look period / policies in force at the end of the period

⁸ Customer initiated cancellations or non-renewals excluding "free look period" ratio = Total customer-initiated cancellations or non-renewals excluding free look period / policies in force at the end of the period

P&C INSURANCE POLICIES

For P&C insurance, commercial insurance policies are excluded from the data⁹.

The following ratios have been calculated and are reflected below:

- ❖ The insurer initiated non-renewals ratio¹⁰ is designed to capture broad industry trends and identify if an insurer has initiated a significant reduction in a class of insurance.
- ❖ The customer-initiated cancellations ratio¹¹ is designed to track customer mobility and provide a broad indication of customer satisfaction with certain classes of insurance.
 - This data is not used in isolation but is corroborated with other indicators, such as complaints, premiums, and media reports.
- ❖ The insurer-initiated cancellations with refund of premium – Fully refunded ratio¹² and the insurer-initiated cancellations (other) ratio are designed to capture which classes of insurance customers are mostly likely to have their policies cancelled.
 - In these cases, the insurer retroactively canceled the policy and insureds are left without insurance protection.

Customer-initiated cancellations saw an increase between 2021 – 2022 (21.69% year-over-year) in Accident and Sickness:

ACCIDENT AND SICKNESS

Ratio	2022	Change in Percentage Points
Insurer-initiated non-renewal	0.39%	+0.07
Customer-initiated cancellations ratio	5.05%	+0.90
Insurer-initiated cancellations with refund of premium – Fully refunded	0.00%	+0.00
Insurer-initiated cancellations (Other)	0.48%	+0.02

Insurer-initiated non-renewals saw a notable decrease between 2021 – 2022 (56.69% year-over-year) in Automobile:

AUTOMOBILE

Ratio	2022	Change in Percentage Points
Insurer-initiated non-renewal	0.55%	-0.72
Customer-initiated cancellations ratio	7.25%	-0.01

⁹ Please note that the FTC Guidance remains applicable to commercial insurance products.

¹⁰ Insurer-initiated non-renewals ratio = Total number of insurer-initiated non-renewals / policies in force at the end of the period

¹¹ Customer-initiated cancellations ratio = Total number of customer-initiated cancellations / policies in force at the end of the period

¹² Insurer-initiated cancellations with refund of premium – Fully refunded ratio = Total number of insurer-initiated cancellations with full refund of premium / policies in force at the end of the period

Insurer-initiated cancellations with refund of premium – Fully refunded	0.22%	+0.02
Insurer-initiated cancellations (Other)	2.24%	-0.03

The Property sector realized gains in all ratios excluding other insurer-initiated cancellations:

PROPERTY

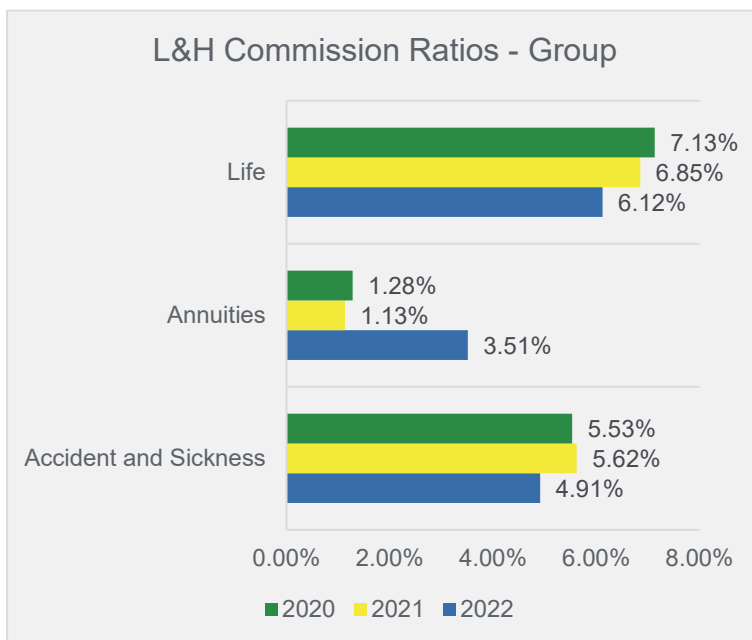
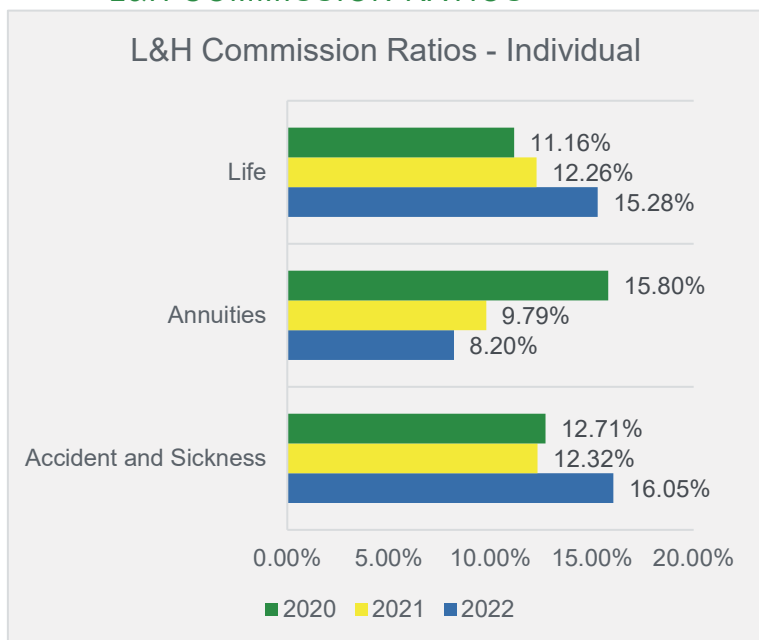
Ratio	2022	Change in Percentage Points
Insurer-initiated non-renewal	1.33%	+0.45
Customer-initiated cancellations ratio	7.19%	+0.61
Insurer-initiated cancellations with refund of premium – Fully refunded	0.17%	+0.03
Insurer-initiated cancellations (Other)	1.33%	-0.25

COMMISSIONS

This section of the ASMC captures data on direct premiums written, categorized by distribution channel and by class of insurance. Data is collected on commissions earned and claims incurred, both of which are also categorized by class of insurance and distribution channel.

The commission ratio¹³ is calculated as the total amount of commissions paid in relation to the total direct written premiums (DWP) for a class of insurance. In this instance, commissions from commercial or reinsurance products are excluded. This gives a broad indication as to how commissions are paid relative to the amount of premium written based on the class of insurance.

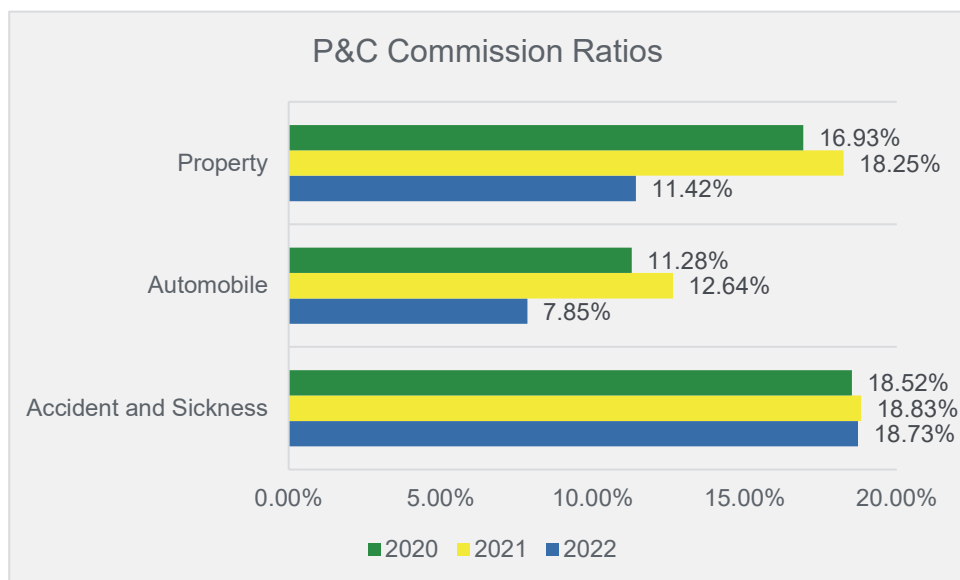
L&H COMMISSION RATIOS



¹³ Commission ratio = Total all distribution channel commissions (Monetary incentives) / total direct written premiums

Commission ratios for individual lines of business saw a slight increase in both Life and Accident & Sickness while decreasing for Annuities. By contrast, commission ratios for group business decreased slightly in both Life and Accident & Sickness while rising for Annuities.

P&C COMMISSION RATIOS



For the P&C sector, only data on personal lines of business is included. Commission ratios for Property and Automobile fell between 2021 and 2022 while staying virtually flat for Accident & Sickness.

While only the ratios for Property, Automobile and Accident & Sickness reported here for brevity, CCIR collects data for other classes of P&C insurance also and will continue to monitor all data received for notable trends.

SALES & INCENTIVES

The Sales and Incentives section of the ASMC captures data regarding how various factors affect performance measurements of staff as well as their incentives and/or commissions. Some data collected in this section includes:

- ❖ The presence of monetary and/or non-monetary incentives for the sale and servicing of different types of insurance products; and
- ❖ Factors that may have an influence on the performance assessment or issuance of incentives and/or commissions to insurance salespeople.

In the data shown below, the percentage indicated refers to the proportion of respondents who confirmed the noted factor does indeed affect either performance or incentives and commissions.

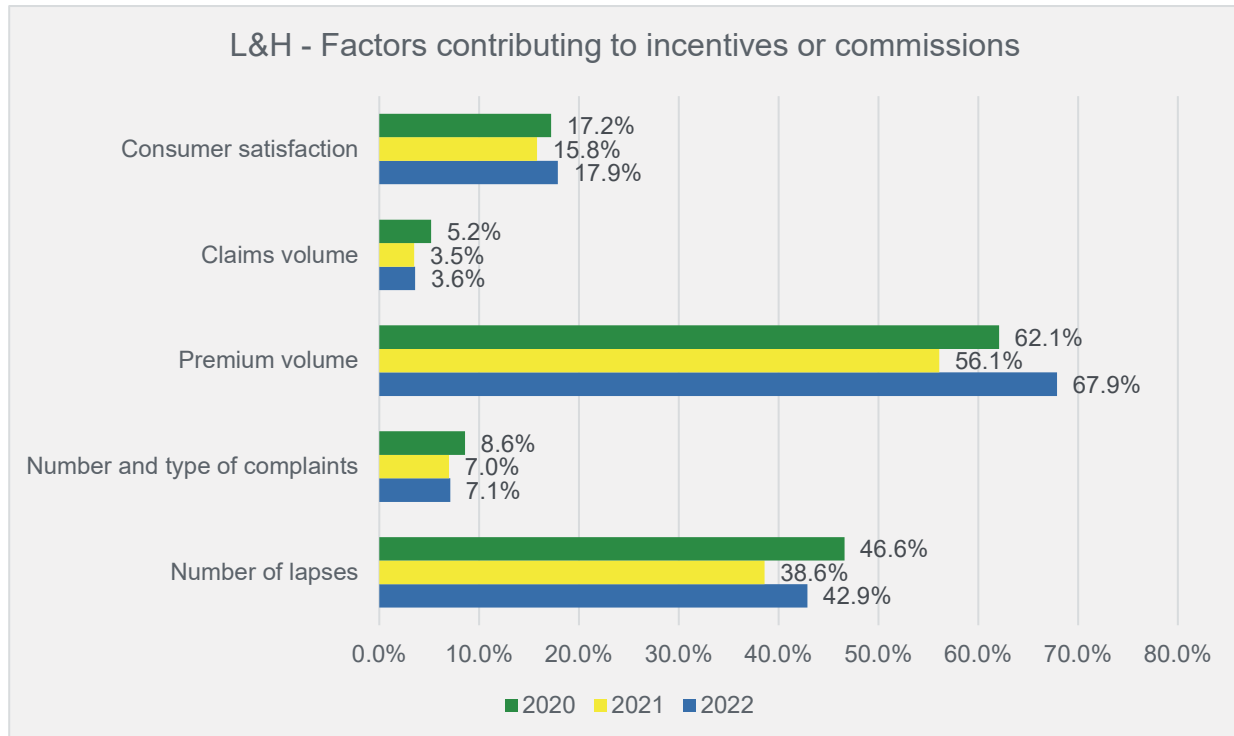
FACTORS CONTRIBUTING TO PERFORMANCE MEASUREMENT.

	L&H	P&C
<i>Number and types of complaints</i>	23.2%	26.9%
<i>Premium volume</i>	55.4%	41.9%

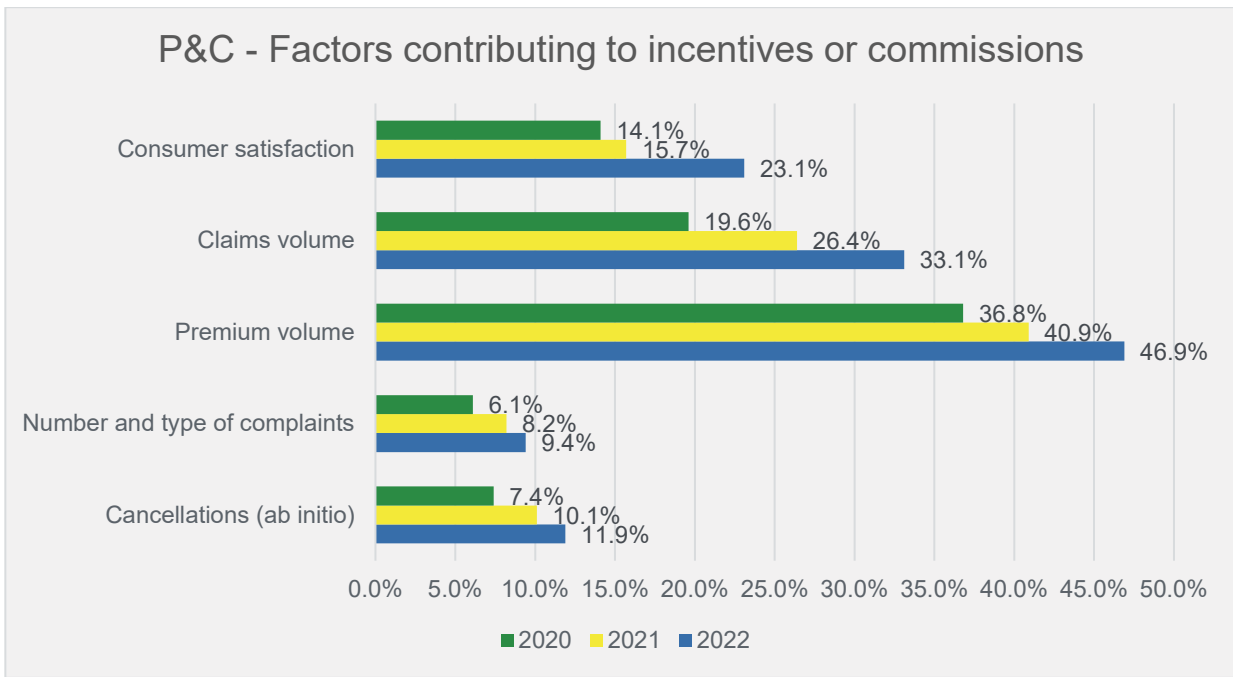
<i>Claims volume</i>	7.1%	25.0%
<i>Consumer satisfaction</i>	32.1%	35.0%

Across both sectors, premium volume has historically been the most prevalent factor in both sectors among those surveyed in the ASMC, a trend that continued in 2022. Among these factors, the data shows both P&C and L&H insurers use them for performance measurement in similar proportions.

Regarding factors contributing to incentives and/or commissions in the L&H sector, premium volume is the most prevalent among respondents. All factors have remained relatively stable year-over-year.



In the P&C sector, all insurers reported on factors that have been on an uptrend across the previous three years, with premium volume also being the most prevalent factor here.



CCIR refers insurers to the Incentive Management Guidance¹⁴ (a complementary document to the FTC Guidance published November 30, 2022) which sets out expectations for the management of incentive arrangements related to the sale and servicing of insurance products, with the goal of ensuring any such arrangements achieve FTC. Expectations are also informed through results of supervisory activities conducted by CCIR members.

CLAIMS

The ASMC collects data related to claims, categorized by class of insurance. Data tracked includes the following:

- ❖ Number of new claims opened;
- ❖ Number of claims denied; and
- ❖ Time taken to complete the claims process after one has been reported.

This information helps CCIR members track adherence to the FTC Guidance’s expectation for insurers to handle “claims in a timely and fair manner” and identify areas where improvements are needed in the information provided to the customer.

In addition to discrete data, CCIR has developed ratios based on Claims data provided to analyze potential risks and trends associated with different classes of insurance.

CLAIMS RATIO

¹⁴ Reference [CCIR Incentive Management Guidance](#)

The claims ratio¹⁵ is calculated as the total amount of claims incurred in a class of insurance in relation to the total DWP. The claims ratio is useful for CCIR to determine which classes of insurance provide the highest value of return for customers, and if this is impacted by distribution channel.

Life & Health	Individual		Group	
	2022	Change in Percentage Points	2022	Change in Percentage Points
<i>Accident & Sickness</i>	42.88%	+3.76	72.46%	+9.54
<i>Annuities</i>	37.86%	+17.96	79.52%	+7.20
<i>Life</i>	44.29%	+2.38	54.96%	+3.03

Property & Casualty	Personal	
	2022	Change in Percentage Points
<i>Accident & Sickness</i>	24.27%	+7.07
<i>Automobile</i>	62.63%	+4.19
<i>Property</i>	55.07%	+8.20

The data shows modest increases in the claims ratio across all major insurance classes in both L&H and P&C. The largest relative gain was seen in P&C Accident and Sickness, driven by an increase in the direct/exclusive channel.

CLAIMS DENIALS¹⁶

CCIR uses a claims rejection ratio¹⁷ which measures the proportion of claims denied relative to the total number of claims made.

Life & Health	Individual		Group	
	2022	Change in Percentage Points	2022	Change in Percentage Points
<i>Accident & Sickness</i>	23.43%	+1.06	11.31%	-2.01
<i>Annuities</i>	0.34%	-0.17	0.17%	+0.05
<i>Life</i>	0.78%	-0.97	2.69%	-1.46

¹⁵ Claims ratio = Total claims (in \$) / total DWP

¹⁶ A claim is considered denied if an insurer refuses to pay any amount of the claim.

¹⁷ Claims rejection ratio = # claims denied in the period / (# of claims opened at the beginning of the period + # of new claims opened during the period – # of claims opened at the end of the period)

<i>Property & Casualty</i>	<i>Personal</i>	
	2022	Change in Percentage Points
<i>Accident & Sickness</i>	8.16%	+2.14
<i>Automobile</i>	3.08%	+0.28
<i>Property</i>	13.10%	-2.60

The claims denial ratios remained relatively consistent with data from the previous three years across all major classes of insurance in both sectors.

AVERAGE FINAL DAYS TO PAYMENT

Respondents were asked to indicate their average days to final payment with respect to claims for each class of insurance.

<i>Life & Health</i>	<i>Individual</i>	<i>Group</i>
	Average Final Days to Payment	
<i>Accident & Sickness</i>	N/A ¹⁸	N/A
<i>Annuities</i>	22	13
<i>Life</i>	23	27

<i>Property & Casualty</i>	<i>Personal</i>
	Average Final Days to Payment
<i>Accident & Sickness</i>	N/A
<i>Automobile</i>	141
<i>Property</i>	144

While CCIR collects this data and monitors them for ongoing trends, it should be emphasized that these industry averages are not to be construed as benchmarks to be measured against. Insurers are reminded to adhere to the expectation customer claims be handled in a timely and fair manner and to respect specific regulatory requirements on this matter, where applicable.

REASONS FOR CLAIMS DENIAL

Respondents were asked to indicate the three main reasons for denial of claims in 2022 and the total number of denials for those reasons. The most prevalently featured reasons for both L&H and P&C sectors were:

¹⁸ No information available for this class of insurance as this data point was not requested globally this year.

TOP THREE MAIN REASONS FOR DENIAL OF CLAIMS

	L&H	P&C
<i>Exclusions and limitations in the policy</i>	60.7%	73.8%
<i>Not covered, except for exclusions and limitations in the policy</i>	35.7%	63.8%
<i>Failure to disclose or misrepresentation of material fact</i>	28.6%	26.3%

The percentages shown in the data correspond to the proportion of insurers who identified the reason as any of their top three reasons for denial of claims.

The data shows a similar distribution to 2021 – the top factors and their prevalence remained the same across both sectors.

Insurers should identify the indicators (i.e., ratios or otherwise) that they wish to track to help measure performance related to FTC. This can help in identifying trends, issues, or any areas where action or improvement would be required.

COMPLAINT EXAMINATION

This section of the survey contains questions regarding the presence of complaint handling mechanisms within the respondents' organization:

- ❖ Is there a senior officer responsible for complaint handling?
- ❖ Are there documented complaint handling policies and procedures guidelines?
- ❖ Is there a complaint handling unit or department?
- ❖ Is there a reporting mechanism to management and Board of Directors regarding complaints?
- ❖ Is there an ongoing training program for staff who handle complaints?

Collected data showed an almost unanimous affirmation of baseline complaint handling mechanisms:

Question: Do you have a senior officer responsible for complaint handling?

	Yes
<i>L&H (Industry)</i>	100.0%
<i>P&C (Industry)</i>	99.5%

Question: Do you have documented complaint handling policies and procedures guideline(s)?

	Yes
<i>L&H (Industry)</i>	97.1%
<i>P&C (Industry)</i>	96.4%

There was a greater level of variance for more specific mechanisms (i.e. the presence of a dedicated complaint handling unit) among insurers of different sizes. Regardless of the size, structure, and

complexity of one’s business, CCIR expects insurers to have appropriate procedures in place to ensure complaints are handled in a fair and timely manner without unnecessary delay.

CCIR would like to emphasize that key expectations related to complaint examination and handling as outlined in the FTC Guidance should be observed and put into practice.

COMPLAINTS

Insurers are required to file all applicable complaints which meet the standards established through the ASMC. Complaints are filed with the following information:

- ❖ Line of business involved;
- ❖ Class of insurance and type of product;
- ❖ Distribution channel; and
- ❖ Cause of complaint and any resolution.

CCIR reminds insurers of the expectations regarding the handling of complaints and dispute resolution laid out in the FTC Guidance¹⁹

LIFE & HEALTH

The total number of L&H complaints filed in was 6,425 (2,848 individual, 3,577 group).

Complaints data was sorted by province (according to the complainant’s place of residence) and its proportion relative to the country’s overall population distribution was assessed:

Province	Population of Canada		Volume of Complaints		
	Proportion of Canadian Population (2022) ²⁰	Change in Population from 2021 (in Percentage Points)	Total L&H Complaints (2022)	Proportion of L&H Complaints (2022)	Change in Proportion of Complaints 2021 – 2022 (in Percentage Points) ²¹
Alberta	11.71%	+3.07	573	8.92%	+1.67
British Columbia	13.66%	+2.26	631	9.82%	-1.76
Manitoba	3.61%	+2.44	144	2.24%	+0.36
New Brunswick	2.09%	+3.33	109	1.70%	-0.05
Newfoundland and Labrador	1.35%	+1.35	84	1.31%	-0.50
Northwest Territories	0.12%	+0.19	4	0.06%	-0.03
Nova Scotia	2.62%	+3.22	153	2.38%	+0.10
Nunavut	0.10%	+2.52	0	0.00%	+0.00
Ontario	38.84%	+2.33	2,543	39.58%	+6.62

¹⁹ Reference page 22 of [Conduct of Insurance Business and Fair Treatment of Customers Guidance](#)

²⁰ Source: Statistics Canada Population Estimates, Quarterly Q4 2022 Table 17-10-0009-01

²¹ Refers to the difference in Proportion of L&H Complaints between 2021 – 2022.

<i>Prince Edward Island</i>	0.44%	+4.08	12	0.19%	-0.02
<i>Quebec</i>	22.27%	+1.39	2,021	31.46%	-6.22
<i>Saskatchewan</i>	3.07%	+2.05	124	1.93%	+0.47
<i>Yukon</i>	0.11%	+2.02	2	0.03%	-0.05
<i>Not Classified</i>			25	0.39%	-0.59
Total	99.99%		6,425	100.00%	

Most L&H complaints still originate in Ontario and Quebec. It is noteworthy that when considering the volume of complaints coming from these provinces against their proportion of Canada's total population, Ontario saw an increase of 6.6 percentage points from the previous year and Quebec saw a decrease of 6.2 percentage points. This is because while both provinces realized an increase of L&H complaints this year, Quebec had a relatively modest increase in comparison – 56, compared to 824 in Ontario.

The three most prevalent causes of complaints (filtered by category) were as follows:

	Product Category	Cause of Complaint	Number
<i>Individual</i>	Life	Administration	720
	Life	Product	473
	Accident & Sickness - Other	Administration	314
<i>Group</i>	Accident & Sickness - Disability	Claims and Settlement	1214
	Accident & Sickness - Health & Dental	Claims and Settlement	1037
	Life	Administration	209

Most L&H complaints from Individual lines of business were related to Life, while complaints from the Group side were predominantly related to Accident & Sickness.

PROPERTY & CASUALTY

The total number of P&C complaints filed in 2022 was 4,528 (4,251 personal and 277 commercial).

Complaints data was sorted by province (according to the complainant's place of residence) and its proportion relative to the country's overall population distribution was assessed.

Province	Population of Canada		Volume of Complaints		
	Proportion of Canadian Population (2022)²²	Change in Population from 2021 (in Percentage Points)	Total P&C Complaints (2022)	Proportion of P&C Complaints (2022)	Change in Proportion of Complaints 2021 – 2022 (in Percentage Points)²³
<i>Alberta</i>	11.71%	+3.07	579	12.79%	+0.01
<i>British Columbia</i>	13.66%	+2.26	198	4.37%	-9.53
<i>Manitoba</i>	3.61%	+2.44	70	1.55%	+0.31
<i>New Brunswick</i>	2.09%	+3.33	149	3.29%	+0.87

²² Source: Statistics Canada Population Estimates, Quarterly Q4 2022 Table 17-10-0009-01.

²³ Refers to the difference in Proportion of P&C Complaints between 2021 – 2022.

<i>Newfoundland and Labrador</i>	1.35%	+1.35	35	0.77%	-0.29
<i>Northwest Territories</i>	0.12%	+0.19	7	0.15%	+0.06
<i>Nova Scotia</i>	2.62%	+3.22	104	2.30%	+0.19
<i>Nunavut</i>	0.10%	+2.52	0	0.00%	+0.00
<i>Ontario</i>	38.84%	+2.33	2,335	51.57%	+2.32
<i>Prince Edward Island</i>	0.44%	+4.08	8	0.18%	+0.08
<i>Quebec</i>	22.27%	+1.39	989	21.84%	+5.84
<i>Saskatchewan</i>	3.07%	+2.05	45	0.99%	+0.36
<i>Yukon</i>	0.11%	+2.02	1	0.02%	-0.10
<i>Not Classified</i>			8	0.18%	-0.14
Total	99.99%		4,528	100.00%	

British Columbia saw a sharp relative decrease of P&C complaints in 2022, dropping 9.5 percentage points from 2021 (its proportion of P&C complaints was 13.9% in 2021 and went down to 4.4% in 2022). This is primarily driven by a much lower volume of total P&C complaints in BC – 707 in 2021, 198 in 2022. The drop in proportional representation was absorbed primarily by Quebec, which was the only province to see a relatively large increase in P&C complaints this year – 814 in 2021, 975 in 2022. Quebec’s population growth also lagged slightly behind other comparable provinces. Ontario was also affected, showing an increase in proportional representation despite its volume of complaints decreasing in 2022.

The three most prevalent causes of complaints (filtered by category) were as follows:

	Product Category	Cause of Complaint	Number
<i>Personal</i>	Automobile	Claims and Settlement	1583
	Property	Claims and Settlement	1035
	Automobile	Underwriting	524
<i>Commercial</i>	Automobile	Claims and Settlement	59
	Property	Claims and Settlement	57
	Property	Underwriting	34

Almost all P&C complaints received are attributed to Personal lines of business as opposed to Commercial, with the majority related to claims and settlement from both Automobile and Property.

CONCLUSION & NEXT STEPS

As the ASMC finishes its 6th year since inception, CCIR members continue to derive value from the collection of this data each year. CCIR strives to continually improve the data collection process on an ongoing basis:

- ❖ Analysis of trends using collected historical data to identify movements and developments in the industry;
- ❖ Amending data collection to align with identified areas of concern within the marketplace;

- ❖ Updating instructions and ASMC forms to provide clarity and ensure ease of reporting for insurers; and
- ❖ Development of more efficient methods to collect and analyse survey data.

CCIR members see value in publishing this report to communicate observations to the industry and Canadian customers. CCIR will continue to use the ASMC to support its efforts and activities such as co-operative examinations. Building on the use of ASMC data coupled with risk assessments, this will inform supervisory plans and activities for regulators that may include but not limited to thematic reviews, questionnaires, etc. to examine practices that will ensure fair treatment of customer outcomes.

CCIR appreciates the steps taken by the industry to develop practices to ensure FTC and recognize FTC initiatives and approaches must evolve to keep pace with an ever-changing insurance market. As noted in the FTC Guidance, insurers differ in size, business procedures and company culture. A one-size-fits-all approach may not achieve the desired outcomes for all insurers. Insurers are encouraged to review this report and consider how their organization is conducting business in a manner that meets CCIR's expectations regarding the fair treatment of customers.

Please see the website for more information and updates <http://www.ccir-ccrra.org>.