



REGISTERED INSURANCE BROKERS OF ONTARIO

PRINCIPAL BROKER TOWN HALL

APRIL 12, 2022



Registered Insurance Brokers of Ontario

# Purpose

- Respond to Frequently Asked Questions about the Take-All-Comers rule for auto insurance
- Provide you with a general update on changes that have been introduced including the:
  - Principal Broker Handbook
  - Changes to Continuing Education (CE) Requirements
- Introduce you to new requirements found in the NEW “Sharing the Principles of Conduct” RIBO Guidance published on April 6, 2022

# Take-all-Comers, How did we get here?

Today's session is a refresh for brokers working with auto insurance in Ontario on how to follow and report any concerns regarding the Take-All-Comers rule

- Guidance was issued by FSRA in 2021 on compliance with Take- All- Comers.
- The TAC rule, was first established in 2009 -*FSCO's bulletin on Automobile Insurance Quoting and Underwriting Practices*

**The new Unfair and Deceptive Practices (UDAP) Rule has become law as of April 1st under the UDAP Rule. Two new provisions related to auto insurance:**

- Unfair treatment by an agent, broker or insurer to a consumer with regard to any matter relating to quotations for automobile insurance, applications for automobile insurance, issuance of contracts of automobile insurance or renewals of existing contracts of automobile insurance, including but not limited to,
- variance of formal or informal processes and procedures which make it more difficult for certain persons to interact with an insurer, broker or agent for the purpose of discouraging or delaying such persons from applying for, renewing or obtaining automobile insurance.

# What is Take-All-Comers?

The Financial Services Regulatory Authority of Ontario (FSRA) Guidance on Take-All-Comers (TAC) rule applies to insurers, agents and brokers writing, selling, or dealing with auto insurance in Ontario.

The rule is based on various requirements found in the *Insurance Act*\*.

Ensures that auto insurance parties have legal obligations to:

- Provide all consumers with access to timely auto insurance quotes at the lowest rate available amongst that insurer and its affiliated insurers
- Offer all eligible consumers a quote or renewal that is consistent with the insurers' filed rates and underwriting rules
- Accept all auto insurance business from consumer that meets insurers' approved rules

\* *Insurance Act* – Specific requirements for Brokers

230 (1) A broker shall provide to an applicant for insurance the names of all the insurers with whom the broker has an agency contract relating to automobile insurance and all information obtained by the broker relating to quotations on automobile insurance for the applicant.

# What does this mean for brokers?

Auto insurance products are standardized, and the options from insurer to insurer may be the same. However, certain insurers may have better claim services or endorsement options that would benefit the customer which should be reviewed.

Brokers are reminded that any time they provide a quote for auto insurance:

- It must be based on an up-to-date understanding of the client's needs
- Your recommendations must reflect an assessment of all auto markets available to you
- Ensure your customer is aware when one of your markets has not provided a quote

**Brokers, when quoting, should always present, the best value product and advise the client of their options to get the lowest premium, and then explain which option may be a more appropriate choice based on the customer's needs.**

## What does this mean for brokers? (continued)

**Brokers should adequately document the options and recommendations presented to the customer and adequately document the customer's decision based on those recommendations.**

Non-compliance with TAC should be reported to RIBO. Anonymous or General reports can be made using the [RIBO TAC Reporting Form](http://www.ribo.com/tac-reporter/).  
([www.ribo.com/tac-reporter/](http://www.ribo.com/tac-reporter/))



# RIBO TAC focused Spot Checks

## **Spring and Summer 2022**

Over the next several months, RIBO will be conducting random spot checks focused on TAC requirements with an aim to provide education and compliance assistance to brokerages as you adopt the new process.

## **Education Focused**

Opportunity to learn more about any difficulties you face, sharing best practices etc.

# Frequently Asked Questions (FAQs)

**RIBO has received a number of phone calls and email questions focused on the rule, and how brokers can adopt their existing processes to be compliant.**

**Q:** How can I ensure that I am compliant with the TAC rule?

Brokers must keep records showing that they obtained available quotes from all their markets, how many markets were offered to clients and why, on file for at least one year. From an errors and omissions perspective, however, file retention policies may require you to maintain files for a longer period.

RIBO will ensure adherence to the TAC rule by conducting spot checks and reviewing whether clients were offered the most appropriate auto insurance quote available.

## FAQs (continued)

**Q:** Does this mean I need to provide every quote from all the contracted markets to my client?

As of April 1, 2022, the Unfair and Deceptive Practices rule includes broad requirements to ensure customers are treated fairly. RIBO considers it a best practice to obtain an Auto quote from all contracted markets.

During the quotation process it is expected that you explain to your client how many quotes you have obtained, present the customer with their options along with your recommendations.

Brokers should adequately document the options and recommendations presented to the customer and adequately document the customer's decision based on those recommendations.

If a customer asks to see all the quotations generated for all available markets, then Brokers must provide that information when requested to do so by their customer. If such a request is made, Brokers must ensure that this is adequately documented on the client's file.

# FAQs (continued)

## Q: Does the TAC rule apply to current and prospective clients?

The TAC rule applies to current and prospective clients, including those who receive automatic online auto insurance quotes and those who are requesting new quotes and need to renew their policies. Brokers should also be reviewing their clients' renewals in cases where premium changes may merit remarketing of the client's policy. In addition, a consumer must never be subject to a higher auto premium due an auto risk being remarketed to another insurer with the portfolio transfer.

## Q: Does the TAC rule apply to commercial auto insurance?

The TAC Rule applies for all PPA and Non-PPA categories of automobile insurance, including commercial lines. FSRA will continue to recognize the practice initiated at FSCO of not requiring insurers to use filed underwriting rules for making decisions with respect to insuring a “fleet”. However, the prohibitions with respect to prohibited factors set out in s. 237(1) of the Act and in UDAP continue to apply to the underwriting and distribution of insurance for automobile fleets. For more information, see [FSRA's guidance](#).

## FAQs (continued)

**Q:** What should a broker do if an insurer refuses to quote or otherwise take steps to slow down the quote process?

At this time, RIBO Licensees are required to report instances of non-compliance to RIBO by using the RIBO TAC Reporting form and the information submitted will be shared with FSRA

**Q:** Will the form be confidential if a licensee reports non-compliance with the TAC rule?

The reporting form is designed for RIBO licensees to report TAC violations and remain anonymous.

To ensure there is sufficient information to conduct an investigation, RIBO strongly encourages brokers to provide as much detail as possible about non-compliance with the TAC rule. Report non-compliance with the TAC rule by using the [RIBO TAC Reporting form](#)

## FAQs (continued)

**Q:** What are some examples of practices that violate the TAC Rule?

- Insurers withdrawing underwriting authority of brokers to avoid writing Ontario auto insurance policies for certain clients
- Requiring written applications from customers which are not warranted
- Refusing to quote or renew for reasons not listed in the insurer's approved underwriting rules
- If a market verbally instructs brokers to not submit any auto insurance business in a particular area or city in Ontario, and that market has published rates in the same area, this should be disclosed to the customer and reported to RIBO

## FAQs (continued)

**Q: What is a broker's responsibility when quoting packaged business (property and automobile)?**

When quoting a package, brokers are expected to present the best quote for the package. However, if the auto premium is lower with another insurance company, the broker will provide a quote with the package separated between two different insurance companies.

**Q: What if a client asks for a better rate in the middle of the policy term?**

A broker is required to provide a quote at any time a client requests it.

## FAQs (continued)

**Q: Are there any valid reasons why an insurer cannot provide a quote?**

Yes, if the insurer has an approved filed underwriting rule. Otherwise, if an insurer is not providing a quote, it is considered a violation of the TAC rule.

**Q: Do RIBO Licensees have a grace period to put a process in place to comply with the TAC Rule?**

As the TAC rule has been in place for several years, RIBO licensees are expected to already have a process in place to comply with the TAC rule.

## FAQs (continued)

**Q:** What happens if a customer asks me for the lowest possible quote amongst that insurer and its affiliated insurers?

The Take-all-Comers rule does not address minimum amounts of coverage.

In any situation where a customer chooses a product against a broker's advice it will be critical for a broker to ensure that their file is well documented accordingly. As such, if the customer requests it, brokers are required to provide customers a quote on the basic minimum coverage they require under the law at the lowest available rate.

In these instances, brokers must clearly document their advice and recommendations to the customer and must ensure that they informed the customer about any limitations in coverage and what risk considerations they should consider in their situation before they make their decision.



# Take-All-Comers Town Hall Discussion

- Use the chat function at the bottom of your screen to ask your questions
- You can also email questions directly to [communications@RIBO.com](mailto:communications@RIBO.com)
- Questions and general feedback will help inform the development of future RIBO guidance and Frequently Asked Questions (FAQs)
  - FAQs will be made available on RIBO's website

# What's New?

The RIBO Review and Bulletin is published monthly. All new and previous publications are available on RIBO's website: [www.ribo.com/bulletins/](http://www.ribo.com/bulletins/)

- **Principal Broker Handbook Consultation Draft**
  - Feedback due April 30, 2022
- **Errors and Omissions & Fidelity Bond Certificates can now be updated through the Principal Broker Portal**
- **Professional Development Skills for Continuing Education**
  - As of April 1, 2022, courses will be accredited under the Professional Development category and no longer as Personal Skills
  - Courses previously accredited as Personal skills are still valid and remain voluntary to complete for all licensed individuals

## What's New? (continued)

- **Expanding the questionnaire for the 2022 licensing renewals**
  - New questions for firm renewals and Individual renewals
- **Managing General Agent (MGA) and Wholesaler Survey**
  - Feedback on this anonymous survey of current RIBO Wholesaler and MGA license holders will help improve RIBO's understanding of role that these entities play in providing capacity in the Property & Casualty marketplace in Ontario.
  - Feedback due April 30, 2022



# New RIBO Guidance, Sharing the Principles of Conduct

The Canadian Insurance Services Regulatory Organizations' (CISRO) Principles of Conduct for Insurance Intermediaries explains in plain language the kind of professional conduct that customers can expect and reflects conduct standards regarding the fair treatment of customers

RIBO considers compliance with the RIBO Code of Conduct to meet the expectations set out in the CISRO Principles Document.





# New Published Guidance, Sharing the Principles of Conduct

**RIBO** REGISTERED INSURANCE BROKERS OF ONTARIO

**RIBO GUIDANCE**  
SHARING THE PRINCIPLES OF CONDUCT

The Canadian Insurance Services Regulatory Organization (CISRO) Principles of Conduct for Insurance Intermediaries ([Principles Document](#)) set out common regulator expectations for insurance intermediaries and can support intermediaries in explaining to customers what they can expect when they purchase an insurance product. RIBO considers compliance with the RIBO Code of Conduct to meet and exceed these expectations. This Guidance applies to all RIBO licensees.

**WHAT DOES THIS MEAN FOR ME AS A BROKER?**

- 1. Continue to comply with the RIBO Code of Conduct**  
RIBO has reviewed the Principles Document and determined that they are consistent with the RIBO Code of Conduct. The RIBO Code of Conduct includes requirements that can be found in [Regulation 291](#), Section 14, and in the [Principal Broker Handbook](#). By continuing to comply with the RIBO Code of Conduct, you are meeting the expectations for insurance intermediaries set out in the Principles Document.
- 2. Ensure you understand your obligations as a Broker**  
RIBO licensees are advised to review the RIBO Code of Conduct section of the [Principal Broker Handbook](#) to understand their obligations as a registered insurance broker. If you have any questions regarding the expectations set out in the RIBO Code of Conduct, please do not hesitate to reach out to the Principal Broker at your firm.
- 3. Share a copy of the Principles Document with your customers. In addition, RIBO's "About Your Insurance Broker" Fact Sheet**  
The Principles Document articulates expectations for professional behaviour and conduct responsibilities of all insurance intermediaries, including those who are not licensed by RIBO. Stated simply, customers have a right to be treated fairly.
- 4. Ensure you comply with RIBO's Guidance**  
RIBO's spot check program will verify whether customers have access to copies of both the Principles Document and the "About Your Insurance Broker" fact sheet.

**Effective Date for Guidance: September 1, 2022**

**RIBO** Registered Insurance Brokers of Ontario

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April 6: New RIBO Guidance document:  
“Sharing the Principles of Conduct”

**Effective September 1<sup>st</sup> all brokers must begin sharing a copy of 1) the Canadian Insurance Services Regulatory Organizations’ (CISRO) Principles of Conduct and 2) RIBO’s “About Your Insurance Broker” Fact Sheet with their customers**

Both the Principles Document and Fact Sheet are designed to help customers understand your obligations to them as their insurance broker and promote trust between both parties

# What do I need to do to comply with the new requirements?

You can provide these documents to your customers via your company website, newsletter, or a printed copy – we are flexible!



## “About Your Insurance Broker” Fact Sheet

- The Fact Sheet is an information resource for customers so they can better understand what working with a RIBO license holder means
- French translation is coming soon!

## Find more information

### Take-all Comers Rule

- **FSRA's guidance:**  
[www.fsrao.ca/industry/auto-insurance/take-all-comers-information-industry](http://www.fsrao.ca/industry/auto-insurance/take-all-comers-information-industry)
- **RIBO TAC Reporting Form:**  
[www.ribo.com/tac-broker/](http://www.ribo.com/tac-broker/)

### Principal Broker Handbook Consultation Draft

- <https://www.ribo.com/consultation-on-the-principal-broker-handbook/>

### NEW RIBO “About your Insurance Broker” Fact Sheet and CISRO Principles of Conduct for Insurance Intermediaries

- <https://www.ribo.com/cisro-conduct-guidance/>



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Thank You

