

# Superintendent of Insurance

## Interpretation Bulletin

<b>Bulletin Number:</b>	<b>02-2022</b>
<b>Title:</b>	<b>Best Terms Pricing</b>
<b>Date:</b>	<b>March 30, 2022</b>
<b>To:</b>	<b>All licensed insurers underwriting subscription insurance policies in Alberta</b>

### Purpose

In accordance with section 792.1 of the *Insurance Act* (“Act”), this Bulletin notifies property insurers in Alberta that the Superintendent of Insurance (“Superintendent”) has expanded the application of [Superintendent of Insurance Bulletin 03-2020 Best Terms Pricing](#) to all subscription insurance policies in Alberta. For the purposes of this Bulletin, the meaning of Best Terms Pricing (“BTP”) is the same as that defined in Bulletin 03-2020.<sup>1</sup>

### Background

In December 2020 the Canadian Council of Insurance Regulators (“CCIR”), an inter-jurisdictional association of insurance regulators, initiated a review of BTP on subscription policies in the commercial insurance market. The purpose of the CCIR’s review was to determine if BTP practices align with fair treatment of customers. The Superintendent is a member of the CCIR and participated in CCIR’s review of BTP.

The review followed the removal of BTP in the condominium insurance market in British Columbia and Alberta in early 2021.

On December 2, 2021 CCIR issued a [news release](#) stating that BTP does not support fair treatment of customers and that CCIR members expect insurers and insurance brokers in Canada to cease the practice.

Many insurers and insurance brokers have already moved away from BTP, and the Superintendent acknowledges and appreciates their market leadership.

---

<sup>1</sup> “The practice where a premium for an insurer’s portion of a subscription insurance policy is determined by reference to any higher quoted premium bid made or received by any other non-affiliated insurer on the same subscription policy.”

## Timing

All insurers that are still utilizing BTP in Alberta are expected to discontinue the use of BTP on all subscription insurance policies as soon as practicable, and in any case **no later than January 1, 2023**.

## Enforcement

The Superintendent interprets the prohibition on unfair, coercive, or deceptive acts or practices in section 509(1)(c) of the Act to be applicable to, and bar the use of, BTP on all commercial subscription policies. Accordingly, an insurer utilizing BTP on or after January 1, 2023, will be viewed as engaging in conduct contrary to the Act.

Where the Superintendent is of the opinion that an insurer has contravened section 509(1)(c) of the Act, the Superintendent may require that insurer to pay an administrative penalty of up to \$25,000 for each contravention, pursuant to section 789 of the Act.

If you have any questions regarding this Interpretation Bulletin, please contact my office at (780) 643-2237 or [tbf.insurance@gov.ab.ca](mailto:tbf.insurance@gov.ab.ca).

[original signed]

Mark Brisson  
Superintendent of Insurance

## Contact Information and Useful Links

<b>Email:</b>	<a href="mailto:tbf.insurance@gov.ab.ca">tbf.insurance@gov.ab.ca</a>
<b>Phone:</b>	780-643-2237
<b>Fax:</b>	780-420-0752
<b>Toll-free in Alberta:</b>	Dial 310-0000, then the number.
<b>Mailing Address:</b>	402 Terrace Building, 9515 – 107 Street Edmonton, AB T5K 2C3
<b>Visit our website:</b>	<a href="http://insurance.alberta.ca">insurance.alberta.ca</a>
<b>Subscribe to receive email updates:</b>	<a href="http://insurance.alberta.ca/subscribe.html">insurance.alberta.ca/subscribe.html</a>

---

For more information, visit [insurance.alberta.ca](http://insurance.alberta.ca)

