



REGISTERED INSURANCE BROKERS OF ONTARIO

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GUIDELINES ON MARKETING PRACTICES

Please read the following guidelines and make sure that you keep a copy within your office for easy reference.

RIBO's Professional Development Committee has issued the following guidelines. The Committee has attempted to balance restrictions on fair trade practices in the industry with the interests of consumers. The guidelines are intended to balance professionalism in the brokerage industry with avoidance of unnecessary restrictions on the ability of brokers to compete in the market. Liberalization of some existing marketing practices reflects these balances.

Consumer protection is provided effectively through the existing regulatory provisions regarding advertising measures, client disclosure and consent, and the rules regarding undue influence, coercion, conflict of interest and tied selling practices.

PLEASE NOTE – These are only guidelines. It is strongly recommended that all proposed marketing plans be submitted in writing to RIBO for review, prior to launching any new program.

AIR MILES AND REWARDS FROM CREDIT CARDS

It is acceptable for a broker to offer AIR MILES or reward incentives from credit cards in conjunction with the purchase of an insurance product. Bonus points plans may be considered inducements and should be referred for approval.

BARTERING

Bartering and alternative currency such as bit coins or by similar trade is not an acceptable practice. Brokers are not permitted to provide "Barter Points" or accept "Barter Points" in exchange for insurance premiums.

BROKERS NEGOTIATING WITH INSURANCE COMPANIES TO REDUCE THEIR COMMISSION TO OFFER LOWER PREMIUMS TO CUSTOMERS

It is acceptable for brokers negotiating with insurance companies to reduce their commissions in order to offer lower premiums to customers.

CREDIT CARD, DEBIT CARD and ELECTRONIC PREMIUM PAYMENTS and INTERACT

Brokers are advised that it is permissible for a broker to accept debit cards or credit cards (e.g. Visa, MasterCard) from the client. If a broker, however, is passing on the fee charged by a bank to a client or assessing a fee for this service, the broker must disclose all information to the client in a manner consistent with Ontario Regulation 991, Section 12.

CSR INCENTIVES PAID BY INSURANCE COMPANIES DIRECT TO CSRs

It is acceptable for CSRs to accept incentives offered by insurers providing the Principal Broker has approved the program and subject to the appropriate disclosure of same be given to the client (please refer to the “Disclosure Requirements” outlined in the supplementary Resources section).

CUSTOMER LISTS

Brokers may only sell, trade, giveaway or “rent out” customer/client lists with prior individual client consent (See enclosed sample client consent form). Please be advised that the transfer of lists must be done in compliance with the Canada Anti-Spam Legislation (CASL) and privacy laws.

DONATIONS BY BROKERS OF PART OF THEIR COMMISSION TO A BENEVOLENT ORGANIZATION, CHURCH, OR CHARITY

A broker may advertise that he or she supports a benevolent organization, church or charity. It is, however, improper for a broker to advertise that a portion of commission, or a specific percentage of the premium of each policy sold, will be donated to that organization as an inducement to a prospective client to insure with that broker.

ENVELOPE STUFFING (BROKERS INCLUDING OTHER THIRD PARTY ADVERTISING OR FLYERS IN CLIENTS MAIL)

Envelope stuffing is permitted, as long as the broker acts with integrity, having regard to the duty to encourage public respect for the industry.

EX-DATING

The use of unlicensed personnel to obtain expiry dates is permitted as long as the unlicensed person gives no insurance advice, and all insurance related questions are referred to a licensed broker.

FEES

Where a broker intends to charge a fee over and above commission, such fees must be disclosed to the client in a manner consistent with Ontario Regulation 991, section 12.

GIVEAWAYS

RIBO's position is that giveaways are acceptable as long as they are nominal in value (under \$100.00) and not tied to the purchase of insurance.

Inducements for the obtaining of expiry dates and/or for the opportunity to quote on a piece of business are acceptable as long as such inducements are not contingent upon the purchase of an insurance product.

GROUP MARKETED PROGRAMS

Brokers involved with "association" or "group" marketed insurance programs should refer any such proposed ventures to RIBO for its consideration. All promotional material must clearly indicate the name of the insurer and the broker. It must also state that all insurance related inquiries must be directed to the broker or the insurer, and not to the administrators of the "association" or "group".

JOINT ADVERTISING

It is acceptable for a broker to enter into a joint advertising program with insurance or non-insurance related entities. Any advertising is subject to the existing regulations concerning advertising and tied selling. "Bundling" of insurance and non-insurance products IS NOT an acceptable practice. Bundling includes the practice of the sale of the insurance product along with a non-insurance product being offered together with one price.

MARKET BLOCKING

This involves the practice where a broker, in advance of an upcoming commercial renewal, sends out a request for quotation to a number of markets to reserve the account, the effect of which is to prevent other brokers from obtaining quotations from that market. Brokers are reminded that the consumer's interest is their first priority in market conduct. Brokers must deal candidly and honestly with their clients and in a manner that will command respect and confidence and is compatible with the integrity and effectiveness of the vocation. Brokers must honour the wishes of their client. **IF REQUESTED BY THE CLIENT TO RELEASE A MARKET, THE BROKER WILL BE EXPECTED TO COMPLY IN A TIMELY MANNER.**

NETWORK AFFILIATIONS

Network Affiliations may be acceptable; however, specific affiliation plans should be submitted to RIBO for review.

NICHE MARKETING

Niche Marketing is acceptable where a broker develops an insurance program to fill or target a particular niche in the marketplace, and then obtains the agreement of a particular insurer to give him or her exclusive right to market this niche product.

RAFFLES and CONTESTS

A raffle is acceptable as long as it is not tied to insurance product purchase. Some consideration will be given to brokers who have a booth at a trade show where “business card” raffles and contests for prizes are commonplace.

REBATING

Rebating is strictly prohibited. Rebating is directly or indirectly making or attempting to make an agreement as to the premium to be paid for a policy other than as set forth in the policy, or paying, allowing or giving, or offering or agreeing to pay, allow or give, a rebate of the whole or part of the premium stipulated by the policy or any other consideration or thing of value intended to be in the nature of a rebate of premium to any person insured or applying for insurance in respect of person or property in Ontario.

REFERRAL FEES TO/FROM OTHER FINANCIAL SERVICE SECTORS

Ontario Regulation 991, Section 15(1) 12, permits brokers to pay or receive referral fees from other intermediaries in the following financial services: life agents/brokers, mutual funds, financial planners, investment dealers, mortgage brokers, real estate brokers, premium financing organizations and organizations that deal with products that reduce insurance risk (e.g. alarm systems). Subject to the following conditions:

- There must be full disclosure and receipt of written consent from a client in advance of the referral (please refer to sample client consent form).
- The broker does not give advice or participate in any sale of a product unless properly licensed to do so.
- Any permission necessary has been received from all appropriate regulatory organizations (e.g. Financial Services Commission, etc.).

Note. Referral fees to non-financial industry parties are not permitted.

SOCIAL MEDIA

Brokers using social media for communication with their clients (e.g. Facebook, LinkedIn, Twitter, etc.) are reminded that they must act in accordance with the Registered Insurance Brokers Act and its regulations while holding themselves out as a broker on social media. Also, individual brokers who are producers of the brokerage and hold themselves out as a broker on social media as a broker must clearly identify the registered brokerage firm in which they are employed. Brokers should keep documentation of any client communication made on social media (e.g. keeping a copy of a text communication with the client on the client's file).

THIRD PARTY PAYING FOR INSURANCE COVERAGE

It is acceptable for a third party to pay for insurance coverage for others.

Brokers are reminded to comply with guidelines as set out under Rebating above and in accordance with Ontario Regulation 991, Section 15(3).

WEBSITES

Websites must clearly identify the RIBO registered name of the brokerage. Websites cannot advertise or operate under a trade name only, as trade names are not legal entities. Websites that are created, owned and operated by a producer of a brokerage, must first obtain authorization from the principal broker of the firm they are employed at before launching the website.

Brokers are reminded that the Code of Conduct and the Marketing Guidelines apply to the use and operation of a website.