

Wednesday, April 22, 2020

Paul Mlodzik
Executive Vice President & Chief Customer Officer
SGI
2260 – 11th Avenue
Regina SK S4P 0J9

Re: Follow-Up on SGI Advertising Rules

Paul:

First and foremost, on behalf of the Insurance Brokers Association of Saskatchewan (IBAS) board and membership, thank you for SGI's outstanding leadership through the COVID-19 crisis. It has been inspiring to see the collaborative approach your team has taken to meaningful engagement and problem-solving alongside your partners in the broker community.

Following up on recent conversations, I am writing today to reiterate concerns IBAS continues to field from consumers regarding online renewal processes for the basic package of insurance that comes standard with licence plates. These complaints have centered around situations whereby consumers have inadvertently switched their issuer of record — and often, in the opinion of the consumer, without their expressed permission.

In its initial review of the matter, SGI detailed several instances where this has likely occurred due to advertising practices that contradict the current issuer terms and conditions. In response to those circumventions, SGI distributed a bulletin to issuers on November 22, 2019, contextualizing expectations, announcing enhanced monitoring activities, and restating its commitment to the principles of consumer transparency, clarity in permitted activities, as well as the consistent application and fair enforcement of the rules. These four pillars are the underpinning of all regulated industries, and are especially important amidst the changing dynamics of COVID-19, when consumers are vulnerable and may be conducting online transactions for the first time.

The legislated standard for every other insurance product requires that consumers are reasonably able to discern the intermediary responsible for all insurance-related advertisements, communications, and transactions, regardless of the medium. This includes disclosing the name of the licensed intermediary. It would seem this baseline is consistent with SGI's guidelines already in place.

Therefore, to better facilitate shared accountability between SGI and its issuers, IBAS is asking that SGI consider immediately adopting the following recommendations:

1. Provide additional context or clarification on permitted advertising practices, as needed, to *all issuers* simultaneously — including in response to compliance inquiries or requests for guidance. This mirrors regulatory best practice to establish a standardized knowledge base amongst all entities subject to common rules and enforcement provisions.
2. Articulate clear protocols for identifying, addressing, and remedying non-compliance.
3. Establish an internal validation mechanism with defined metrics to affirm that advertising rules are being enforced — and that penalties are being actioned — uniformly to all issuers.
4. Support the creation of an ad hoc IBAS committee — to include representation from the IBAS board, its Extended Auto Advisory Committee, and the membership at-large — that will work alongside the SGI Auto Fund management team to identify and explore potential improvements in the issuing process, including those to strengthen consumer transparency and the overall customer experience.

It must be underscored that these measures are *not* aimed to dissuade innovative marketing practices or in any way stymie issuer competition — both of which should be highly encouraged. Rather, they are steps to ensure the consumer is put first and to apply a level playing field amongst issuers.

Thank you again for your attention to this file. As always, please don't hesitate to contact me directly should you have any questions or concerns.

Regards,



Derek Lothian
Chief Executive Officer
Insurance Brokers Association of Saskatchewan

cc: Andrew Cartmell, President & CEO, SGI
Penny McCune, Executive Vice President & Chief Operating Officer, SGI
Dave Pettigrew, President & CEO, Harvard Western Insurance / Chair, IBAS