

MESSAGE FROM THE CEO ROSS MCDOUGALL

SINCE OUR BEGINNINGS

Welcome to the McDougall Insurance Group of insurance brokerages, and thank you for choosing us for your insurance needs. We appreciate your business and will do our utmost to maintain your confidence.

We are taking this opportunity to tell you about our brokerage and how we have changed over the years. McDougall Insurance started in Belleville in 1946 and has been serving the insurance needs of Eastern Ontario and the Ottawa Valley for over 75 years. Since our beginnings in Belleville, we have expanded to over 58 offices spread throughout Ontario, with over 1,000 employees dedicated to providing you with professional advice on your insurance needs. We will provide you with the strength of a large regional insurance brokerage in a community setting where you live and work.

OUR OBLIGATION TO YOU

We are a full service brokerage offering general insurance for houses, cars, businesses and institutions, as well as providing financial services including life insurance, employee benefit programs, disability insurance, pension plans and RRSPs. We operate under several names in different areas throughout Ontario.

As an insurance broker, we serve as an intermediary between you and the insurance companies we represent. We help to place your insurance with an insurer that is reliable, best suits your needs and provides a competitive price. In addition to solving problems that may arise and providing you with professional insurance advice, we are dedicated to obtaining fair treatment for you in the event of a claim.

INSURANCE & FINANCIAL McDougall

OUR INSURANCE PARTNERS

We represent the following companies to meet your insurance needs:



Real people working for you, since 1946.

In order for us to maintain strong relationships, we are paid a commission by the insurance company based on your premiums. These commissions vary from company to company and also on the type of policy that is being written. The list that follows shows the companies that we represent and the range of commission we earn when placing your insurance policy with them.

These commissions are paid annually for both new business and renewals. In addition to the commission we receive for placing insurance with these companies, we may also receive a "Contingent Commission." Companies marked with an asterisk (*) may pay us a contingent commission. This may be payable on a book of business placed with an insurance company and is dependent on a number of factors including growth, profitability, volume, retention and increased services that may be provided.

Occasionally we use external premium finance companies to help finance the payment of insurance premiums. In some instances, these finance companies compensate us to cover our cost in arranging the financing.

Very infrequently some insurance companies provide incentives to increase business. We have accepted these offers but in no way do they influence us in providing proper coverage with the proper insurance company at the best available price for our customers.

On occasion we have the need to place coverage with Wholesale Insurance Brokerages who have access to products and insurance companies that we do not represent. Upon request we can provide you with the commission we receive from these companies.

Definity Financial Corporation, the parent company of Definity Insurance Company o/a Economical Insurance, indirectly owns a majority interest in our brokerage and, from time to time, provides loans and other financial assistance to our brokerage in support of its business.

We want you to know that we are proud of our independence, financial stability and that you will be able to count on us to be there for you in your time of financial need. We will work every day to demonstrate our level of commitment to you our valued customer.

Insurance Company	Automobile Commission Range	Property Commission Range	Commercial Commission Range
AIG Insurance Co.	7 – 17.5 %	15 – 20%	7 – 20%
*Algoma Mutual Insurance Co.	10 – 12.5%	20%	10 – 20%
*Aviva Insurance Co.	7 – 17.5 %	15 – 24%	7 – 20%
AXA XL	—	—	5 – 20%
*Bay of Quinte Mutual	n/a	17 – 27%	20%
*Chubb Insurance Co.	12.5%	17.5%-20%	12.5 – 20%
CNA Insurance	—	—	7 – 20%
*Commonwell Mutual Insurance Co.	7.5 – 12.5%	15 – 25%	7.5 – 27.5%
*Dufferin Mutual Insurance Co.	10 – 12.5%	20%	10 – 20%
*Echelon Ins. Co	5 – 13.5 %	n/a	15 – 25%
*Definity Insurance Company	7.5 – 12.5%	20%	7.5 – 25%
*Edge Mutual	12.5%	17.5 – 20%	12.5 – 20%
Facility Insurance Co. (Nordic)	7.5 – 11% – max. \$250	n/a	6 – 10%
*Gore Mutual Insurance Co	7.5 – 12.5%	20%	7.5 – 25%
*Grenville Mutual	10 – 12.5%	17.5-20%	17.5 – 20%
*Hamilton Township Mutual	10 – 12.5%	20%	12.5 – 20%
*Heartland Mutual	10 – 12.5%	21%	10 – 21%
*HTM Insurance Co.	10 – 12.5%	20%	10 – 20%
*Intact Insurance Co.	10 – 12.5%	20%	10 – 20%
*Lennox & Addington Mutual	10 – 15%	20 – 22%	10 – 20%
*Lloyds of London			22.5 – 25%
Nordic Insurance Company	10% – max. \$370	—	5 – 10%
*Northbridge Insurance	7.5 – 12.5%	20%	7.5 – 20%
Nova Mutual Insurance Company	10 – 12.5%	20%	15 – 20%
*Optimum Insurance	12.5%	20%	20%
*Peel Mutual Insurance Co.	10 – 12.5%	20%	10 – 20%
*Pembroke/Pafco Insurance Co	10 – 12.5%	20%	n/a
*Portage Mutual Insurance Co.	10 – 12.5%	20%	10 – 20%
*QBE Insurance	—	—	10 – 20%
*SGL/Coachman Insurance	10 – 12.5%	20%	20%
Sovereign Insurance	—	—	10 – 20%
*Travelers Insurance Co.	7.5 – 12.5%	20%	7.5 – 25%
*Trisura Guarantee Insurance Co.	—	—	20 – 27%
*Unica Insurance Co.	12.5%	15 – 20%	20%
*Victor Insurance Co.	0	15 – 20%	15 – 20%
*Wawanesa Ins. Co.	7.5 – 12.5%	20%	7.5 – 20%
*Wynward Insurance Company	—	20 – 22.5%	20 – 22.5%
*Zurich Insurance Co	7 – 12.5%	15 – 20%	15 – 20%

THE ALL COMERS RULE AUTO INSURANCE IN ONTARIO



Ontario's auto insurance regulator, *The Financial Services Regulatory Authority of Ontario* (FSRA), is taking aim at insurers who avoid issuing auto policies to people living in certain cities, or are otherwise off-side the "Take-All-Comers" rule. In an effort to improve how auto insurance serves Ontario's drivers, input was sought from industry insiders and the general public on the Take-All-Comers rule.

By law, insurers are required to provide all Ontario consumers with access to timely auto insurance quotes and the lowest rates available to them. As an Ontario insurance provider, if you fail to renew a client's Ontario auto policy (even if that client missed a payment), you could attract close scrutiny from the provincial regulator. Ontario law prohibits insurers from declining to issue, terminating or refusing to renew an auto policy or endorsement, except on grounds filed with Financial Services Regulatory Authority of Ontario (FSRA).

Here is our breakdown of what the Take-All-Comers rule is, how it protects consumers and the possible consequences to the insurance industry if not followed.

WHAT IS THE TAKE-ALL-COMERS RULE?

The Insurance Companies Act is the primary legislation governing all federally-incorporated or registered insurance companies in Canada. The purpose of the rule is to ensure no motorist can be denied coverage, requiring all auto insurers in the province to include all classes of risk in their underwriting rules and pricing. These consumer protection features comprise Ontario's "Take-All-Comers" rule.

Insurers, agents and brokers have legal obligations to:

- Provide consumers the lowest rate available
- Offer all eligible consumers a quote or a renewal
- Accept all auto insurance business from consumers that meet insurers' approved rules

REQUIREMENTS OF THE TAKE-ALL-COMERS RULE

As outlined under Ontario's Insurance Act, the Take-All-Comers rule has three main requirements:

- Section 237 prohibits insurers from declining to issue, terminating, or refusing to renew an auto policy or endorsement on any prohibited grounds set out in the regulations;
- Section 238 prohibits insurers from declining to issue, terminating, or refusing to renew an auto policy or endorsement, except on grounds filed with FSRA; and
- Section 2(1)(8) of Regulation 7/00 Unfair or Deceptive Acts or Practices ("UDAP") requires insurers to provide consumers with the lowest rate available when it receives a request for a quotation for automobile insurance, an application for automobile insurance made to an affiliated insurer, or an offer by an affiliated insurer to renew an existing contract of automobile insurance, in accordance with the insurer's declination grounds and approved rates and risk classification systems.

A delay in providing a quote is effectively declining coverage, and can only be declined based on criteria listed in the insurer's approved underwriting rules on file with FSRA.

WHY IS THE REVIEW AND GUIDANCE OF THE TAKE-ALL-COMERS RULE NEEDED?

All insurers, agents and brokers have a legal obligation to offer any eligible consumer a quote or a renewal. An insurer must also accept all auto insurance business from consumers that meets that insurer's rules approved by FSRA. The guidance is aimed at examining conduct by an insurer which makes it difficult for you (the consumer) from acquiring automobile insurance.

Its main concern is "particularly where consumers are dissuaded or forced to abandon a request for a quote, which is the critical part of the contract for automobile insurance coverage, constitutes a declination to issue a contract" says FSRA. The examination of selected insurers, agents and brokers was part of a large industry review to identify any practices that are inconsistent with the rule. Following the public consultations, FSRA said it will require many insurers to review their practices to ensure compliance with the law, report any rule breaches and develop a remediation plan.

WHY DID FSRA UNDERTAKE THIS REVIEW OF TAKE-ALL-COMERS RULE?

FSRA initiated its work on the "Take-All-Comers" rule in the Ontario auto insurance sector following public consultations. FSRA carried out examinations of selected insurers, agents and brokers to observe operational practices. It has now expanded the scope of its review to include the Take-All-Comers rule. They are looking to identify practices in the auto insurance system that are inconsistent with the "Take-All-Comers" rule and its intended purpose.

FSRA EXAMINATION FINDINGS

Whilst undergoing the examinations, instances in which insurers have avoided issuing auto quotes to several categories of people (such as claimants who experienced a prior accident benefits loss), including people who were not at fault, (such as passengers and pedestrians) was discovered.

Specific examples of insurer non-compliance identified by FSRA include (but are not limited to) avoiding issuing automobile insurance quotes to individuals who:

- Experienced a prior accident benefits loss, including individuals who were not at fault for the prior accident, such as passengers and pedestrians
- Were not purchasing a property policy (e.g. homeowner's insurance)
- Reside in certain Ontario municipalities
- Had less than one year of history as an insured under an automobile insurance policy in Canada

Other examples in the regulator's email included:

- Failing to offer a renewal to qualifying customers, including customers who have missed a single premium installment payment
- Withdrawing underwriting authority of brokers and agents while failing to respond to qualifying customers' quote requests in a commercially reasonable period of time
- Requiring the completion of written applications from customers and for reasons that cannot be characterized as exceptional and warranted by the risk presented

WHAT COULD FSRA DO IF COMPANIES DON'T COMPLY?

The enforcement actions taken by FSRA are varied and would be weighed in response to the nature and severity of the non-compliance. Responses could range from education and remediation to regulatory intervention. The more serious offences could face administrative monetary penalties, as well as licenses being revoked. "Auto insurance is necessary to operate a vehicle in Ontario and FSRA is taking steps to ensure that all consumers can get the best product at the best price available when they purchase or renew their auto insurance policy," FSRA said in a statement.

WHAT DOES TAKE-ALL-COMERS COMPLIANCE MEAN TO CONSUMERS?

The hope of the guidance is that it will lead to strengthened conduct standards, which will improve fairness in the system for you, the consumer. Compliance with the requirements of the Take-All-Comers rule will ensure a level playing field, and hopefully limit activities that can inhibit your efforts to purchase or renew their auto insurance when you otherwise qualify for a quote or a renewal. For the insurance industry, it will level the playing field for all in the industry to compete for your business.

MCDUGALL'S PLAN OF ACTION

In every single interaction with our clients regarding quoting automobile coverage, we will:

1. Always act in the best interest of our client.
2. Quote all markets available to our client.
3. Recommend the best fit for our client (considering price, coverage, exposures, and individual characteristics).
4. Keep a record of the quotation in our files.
5. Keep a record of the insurance carrier we have recommended to our client and the reasons why in the file.
6. If the best option is an insurance carrier that is not offering a quotation, or is applying different rules or acceptability of the risk, we will bring this to the attention of management and keep a record in the client's file.

CISRO PRINCIPLES OF CONDUCT

The *CISRO Principles of Conduct for Insurance Intermediaries* reflect common regulatory standards for insurance brokers in Canada. The Principles outline professional behaviour and conduct expectations for the fair treatment of customers.

Principles of Conduct for Insurance Intermediaries
www.cisro-ocra.com

Registered insurance brokers offer independent advice and Property & Casualty (P&C) insurance products from a variety of companies. Brokers must be licensed by the Registered Insurance Brokers of Ontario (RIBO). All RIBO licensees must carry an errors & omissions policy, as well as a fidelity bond, which is designed to provide customers coverage in the unlikely event that a broker mishandles their premiums. RIBO licensees are required to follow the RIBO Code of Conduct, which establishes rules and standards of professional conduct.

As a customer, you have the right to professional advice from a broker who is well informed about the products they are selling. You have the right to be treated with fairness and integrity.

- **How Insurance Works** – You have the right to be informed about how your insurance premiums are calculated. You have the right to access your policy and be clearly informed about the coverage and the claims settlement process.
- **Broker Compensation** – You have the right to ask how a broker is paid, the insurance companies they represent, and be informed about any potential conflicts of interest the broker may have. All RIBO licensed brokers must disclose commission information at the point of sale which outlines how they are paid.
- **Understand Your Insurance Needs** – You should consider your insurance needs and prepare relevant questions before you talk to a broker. Ask yourself if there have been changes in your personal or business life that could impact your insurance needs. Make sure you provide a detailed and accurate explanation of your circumstances to your broker so they can provide informed recommendations that meet your needs.
- **Insurance Quotes** – When obtaining a quote, your broker should always present the best value products available based on your current needs, and document why certain coverage and product options, including lower cost options, which may or may not be appropriate for you. Brokers are also expected to comply with the Take-All-Comers rule. For more information on buying auto insurance and the Take-All-Comers rule, visit [here](#).
- **Personal Information** – You have the right to understand how your personal information is used and protected. Ask for a copy of the privacy statement from your broker and the insurer.
- **Customer Obligations** – You need to ensure that you know and understand your obligations under your insurance policy. For example, your policy will require you to provide updates to your broker and insurer regarding any material changes in your circumstances.
- **Insurance Claims** – If you need to file a claim, you have the right to be informed about the procedures and typical timelines for settling your claim, and you may inquire about the status of your claim throughout the process. If your claim is denied, you have the right to an explanation as to why it was denied. Your broker is your advocate as you work through your claim with the insurance company and will liaise as required.
- **Making a Complaint** – You can submit a complaint to RIBO if you believe your insurance broker failed to comply with the Registered Insurance Brokers Act, its regulations, or RIBO by-laws. File a complaint [here](#).
- **OmbudServices** – In the event you have an insurance claim, your broker will provide you with information about the insurer's claims process. For any unresolved disputes with an insurer, you may contact the insurer's Ombudsman, who will attempt to resolve the conflict. If the conflict is not resolved, you will be referred to the General Insurance OmbudServices for P&C insurance.