

FROM: Director, Worldwide Markets
LOCATION: G12
EXTENSION: 5998
DATE: 6 November 2003
REFERENCE: Y3176
SUBJECT: CANADA: NEW PROCEDURE FOR HANDLING COMPLAINTS
ATTACHMENTS: 1. Requirements made by the Franchise Board under the Policyholder Complaints Byelaw
2. Lloyd's Policyholders' Complaint Protocol
ACTION POINTS: **Managing Agents, underwriters and brokers to note**
DEADLINE: **Immediate**

The purpose of this Market Bulletin is to advise the market that Lloyd's has joined the General Insurance Ombudsman of Canada, to comply with legislative changes regarding the handling of complaints.

1. The Insurance Companies Act SC 1991 [Section 604.1] now requires licensed insurers in Canada to join an independent organisation to mediate complaints that have not been resolved to the satisfaction of the consumer, through the insurer's own internal procedures. As a cost effective response, the Insurance Bureau of Canada has established the General Insurance Ombudsman ("GIO").
2. The Society of Lloyd's has joined the GIO to comply with the statutory obligations of Lloyd's underwriting members collectively to be members of a complaints body. In addition, the Society of Lloyd's has undertaken to the GIO to require every Lloyd's underwriting member carrying on Canadian business, and every managing agent on his behalf, to conform to and abide by any standards approved by the GIO.

The Franchise Board in exercise of the Council's powers now requires every Lloyd's underwriting member carrying on Canadian business, and every managing agent on his behalf, to comply with any byelaws passed by the GIO and standards approved by the GIO so far as applicable to the Canadian business carried on by that member. Annex 1 sets out in full the requirements made by the Franchise Board.

3. Complaints will continue to be referred to the broker or agent who arranged the policy or alternatively complaints may now be referred directly to the GIO for assistance in the first instance. Where a complaint is made directly to the GIO, it will advise the Attorney in Fact in Canada who will then contact the broker or agent concerned. Complaints will

be forwarded on to Lloyd's Complaints Department (LCD) only if the insured is dissatisfied with the decision from this process.

The policyholder may request mediation only after LCD has issued a final letter of position on the complaint, when LCD will also provide information on the process involved and how the complainant should contact the GIO*, if dissatisfied with the decision.

** Quebec is currently considering the establishment of its own mediation process. If this happens then LCD's letter will be changed to reflect this.*

4. The costs of joining the GIO will be included in the Canadian levy. However, in the event that any matter is taken to mediation, the costs arising from the mediation process, including the mediator's fees and Lloyd's costs, will have to be borne directly by the syndicates concerned. The mediation is non-binding.

5. Annex 2 is the Lloyd's Policyholders' Complaint Protocol for Canadian Business (as defined in the Canada GIO Requirements), which sets out the current process for handling complaints. This should be provided to the insured by the Canadian broker or in the case of direct assured business, by the Lloyd's broker involved.

This bulletin has been sent to all active underwriters, the compliance officer of managing agents, Lloyd's Brokers, the Lloyd's Market Association and the London Market Insurance Brokers' Committee.

If you have any queries on this market bulletin, please contact any of the following:

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CANADA GIO REQUIREMENTS 2003

The Franchise Board in exercise of the Council's powers under paragraph 1 of the Policyholder Complaints Byelaw (No. 10 of 2001) hereby makes the following requirements.

WHEREAS-

- (A) *Members* are permitted to underwrite general insurance business in Canada as a foreign company pursuant to the Insurance Companies Act of Canada SC 1991 c 47 (Canada).
- (B) The *Society* has joined the GIO to comply with the statutory obligations of the *members* collectively under the Insurance Companies Act of Canada SC 1991 (section 604(1)) to be members of a complaints body.
- (C) The *Society* has undertaken to the GIO to require every *member* carrying on Canadian Business, and every relevant managing agent on his behalf, to conform to and abide by any standards approved by the GIO.

Citation

1. These requirements may be cited as Canada GIO Requirements 2003.

Observance of GIO byelaws and standards

2. Every *member* carrying on Canadian Business, and every relevant managing agent on his behalf, shall comply with any byelaws passed by the GIO and standards approved by the GIO so far as applicable to the Canadian Business carried on by that *member*.

Costs

3. Every *member* carrying on Canadian Business shall pay such costs as the *Franchise Board* at any time thinks fit for the purposes of complying with any byelaws passed by the GIO or standards approved by the GIO.

Interpretation

4. The provisions of Appendix 1 shall have effect.

Commencement

5. These requirements shall come into force on 1 August 2003.

APPENDIX 1

Interpretation

In these requirements, except where the context otherwise requires-

“GIO” means the General Insurance Ombudservice of Canada.

“relevant managing agent” means in relation to a *member*, a *managing agent* of a *syndicate* through which the *member* writes Canadian Business.

“Canadian Business” means contracts or business of the types falling within the definition of Member’s Canadian Business as defined in Schedule 1 to the Lloyd’s Canadian Trust Deed.

Explanatory Notes

The italicized words and expressions are defined in the Definitions Byelaw (No. 3 of 2003).

The meaning of Member’s Canadian Business as set out in Schedule 1 to the Lloyd’s Canadian Trust Deed is as follows:

“**Member’s Canadian Business**” means such part of the Member’s underwriting business at Lloyd’s (being general business) as constitutes either

- (a) contracts or policies of insurance (other than contracts or policies of marine insurance) to the extent to which such contracts or policies insure risks which are or will be ordinarily in Canada including all policies in Canada as defined in the Act
- (b) contracts or policies of reinsurance underwritten by the Member of any general business (other than contracts or policies of marine insurance) underwritten by a company (not being a member of Lloyd’s) incorporated in Canada and licensed to underwrite insurance business under the laws of Canada or any province or territory thereof
- (c) contracts or policies of reinsurance underwritten by the Member of general business (other than contracts or policies of marine insurance) underwritten in Canada by a company (not being a member of Lloyd’s) incorporated elsewhere than in Canada and licensed to underwrite insurance business under the laws of Canada or any province or territory thereof
- (d) any contract of Reinsurance to Close of any year of account underwritten by the Member to the extent only to which the Member is liable under such contract in respect of
 - (i) contracts or policies of insurance (other than contracts or policies of marine insurance) underwritten by other members to the extent to which such contracts or policies insure risks which are or will be ordinarily in Canada including all policies in Canada as defined in the Act or
 - (ii) contracts or policies of reinsurance underwritten by other members of general business (other than marine insurance) underwritten by a company (not being a

member of Lloyd's) incorporated in Canada and licensed to underwrite insurance business under the laws of Canada or any province or territory thereof

- (iii) contracts or policies of reinsurance underwritten by other members of general business (other than contracts or policies of marine insurance) underwritten in Canada by a company (not being a member of Lloyd's) incorporated elsewhere than in Canada and licensed to underwrite insurance business under the laws of Canada or any province or territory thereof



LLOYD'S POLICYHOLDERS' COMPLAINT PROTOCOL

1. If you have a complaint with any aspect of your Lloyd's insurance, please refer to the broker/agent who arranged your policy for you

OR

2. You may contact the Insurance Bureau of Canada and avail yourself of the services of the *General Insurance OmbudService (GIO)*, who will contact Lloyd's on your behalf. The GIO can be reached at:

British Columbia & Yukon
 (604) 684-3635;
 toll-free: 1-877-772-3777

Ontario
 (416) 362-9528
 toll-free: 1-800-387-2880

Prairies, Northwest Territories & Nunavut
 (780) 423-2212
 toll-free: 1-800-377-6378

Québec
 (514) 288-6015
 toll-free: 1-800-361-5131

Atlantic Provinces
 (902) 429-2730
 toll-free: 1-800-565-7189

For more information or to submit the facts of your insurance-related dispute, please visit the GIO website at www.gio-scad.org.

3. Should you be dissatisfied with the outcome of your broker's resolution or with the GIO's assistance, please submit your written complaint to:

Lloyd's Canada Inc.
 Broker & Management Services
 1155 rue Metcalfe, Suite 1540
 Montreal, Quebec
 H3B 2V6

Tel: 1-877-4LLOYDS
 Fax: (514) 861-0470
 Email: lineage@lloyds.ca

Your written complaint will be forwarded to Lloyd's Complaints Department in London which ensures that Lloyd's Underwriters and their representatives deal with claims and complaints in an acceptable manner. It acts as an impartial mediator. When undertaking a review, this Department takes account of general legal principles, good insurance practice, and whether all events surrounding a given case have been considered fairly.

4. If you are dissatisfied with Lloyd's final letter, you may ask the GIO to arrange for mediation. Mediation is not available until Lloyd's has issued its final letter of position on your complaint.