



Community Services
PO Box 2703, Whitehorse Yukon Y1A 2C6

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BULLETIN: 320-2003-010

Best Terms Pricing in Yukon

This bulletin is issued by the Superintendent of Insurance to notify insurers in the Yukon that the Superintendent interprets sections 249 to 250 of the *Insurance Act* as prohibiting the use of best terms pricing when setting premiums for subscription condominium insurance policies. This interpretation aligns with the Fair Treatment of Customers Guidance adopted in the Yukon on October 5, 2020.

Insuring condominiums typically involves multiple insurers taking a portion of the total risk. The resulting insurance policy is often referred to as a subscription policy. Under best terms pricing, the premium for an insurer's portion of a subscription insurance policy is based on the highest quoted premium bid made or received by another insurer under the subscription policy. As a result, the premium rate paid by the insured for the entire policy is set at the highest premium rate of the insurers under the subscription policy.

This practice contributes to the inflation of condominium insurance premiums, which are mandatory in the Yukon. Fair treatment guidance and the prohibition on unfair and deceptive acts render best terms pricing in this context, contrary to the *Insurance Act* and punishable under section 46 of the legislation.

Accordingly, insurers are expected to discontinue the use of best terms pricing in Yukon as soon as practicable, and **no later than June 30, 2022**. Any insurer using best terms pricing practices after June 30, will be considered to be in contravention of the *Insurance Act* and guilty of an offence. Offences under the *Insurance Act* are punishable by a fine of up to \$25,000. The Superintendent may also suspend or cancel the insurer's licence.

The following circumstances are not affected by this bulletin:

- The Superintendent is not requiring insurers to revise existing policies;
- Insurers may base their premium rate on the weighted average of all bids, or those of the leading insurers; and

- Insurers may revise their bid during negotiation, but may not do so based on best terms pricing or other similar practices.

Questions regarding this bulletin may be directed to Professional Licensing and Regulatory Affairs at (867) 667 – 5111 or insurance.plra@yukon.ca.



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