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BULLETIN

Discontinuance of Best Terms Pricing Practices

Best terms pricing (BTP) is a method of pricing a subscription insurance policy where there are multiple insurers covering varying portions of a particular risk. The insurers are paid uniformly based on the highest rate offered, regardless of the risk allocation.

Following a review of this practice, the Canadian Council of Insurance Regulators (CCIR) has concluded that BTP practices are taking place in the broader commercial market with outcomes, including adverse premium inflation, that do not support the fair treatment of customers. Accordingly, CCIR issued a press release on December 2, 2021 stating that fair and transparent pricing is essential to a successful marketplace and calling on insurers and brokers to cease BTP practices.

- <https://www.ccir-ccra.org/Documents/View/3675>

As a member of the CCIR and in keeping with findings of the review on BTP, the Office of the Superintendent of Insurance expects insurers and brokers to discontinue the practice of BTP by July 31, 2023.

Additional questions and inquiries may be directed to 709-729-2595 or fsrd@gov.nl.ca.



Jean Bishop
Superintendent of Insurance
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