



Fair Treatment of Customers Policy

Howard Mutual Insurance Company (“Howard Mutual” or the “Company”) follows the highest standards with respect to the fair treatment of customers and ensures that customer-focused values drive all aspects of our business. This involves our conduct at each stage of the life cycle of the product, from the moment product-related obligations arise until they expire. To this end, appropriate plans, policies, and procedures have been put in place.

We strive to obtain and maintain long-term relationships with our customers. Systems and controls are in place to ensure that we choose qualified and competent agents who focus on personal service and who put customers first by striving to do what is right, every time.

Product Life-Cycle Stages

The product life-cycle of any financial services product can be divided into three stages.

Stage 1: is with regard to the product itself and includes the design of the product and the promotion and marketing of the product.

Stage 2: entails the rendering of advice and intermediary services as well as the point of sale of the product mentioned in stage 1.

Stage 3: includes the information provided after point-of-sale and complaints and claims handling.

Definitions

Consumer: includes all actual and potential customers for insurance products.

Customer: refers to a policyholder or prospective policyholder with whom the Company interacts, and includes, where relevant, other beneficiaries and claimants with a legitimate interest in the policy.

Customer Outcomes and Expectations

Howard Mutual follows the guidance provided by the Canadian Council of Insurance Regulators (CCIR) and the Canadian Insurance Services Regulatory Organizations (CISRO) for the conduct of insurance business and fair treatment of customers.

Governance and Business Culture

Outcome

Fair treatment of customers is a core component of the governance and business culture of our Company.

Key Expectations

The fair treatment of customers is a cultural issue. As such, we expect it to be driven from the top, and expect a demonstrable commitment from management and directors. Fair treatment procedures, including mechanisms and controls that identify departures from relevant Company standards, are in place and responded to appropriately. We make fair treatment of customers a focus of employee training, evaluation, and remuneration. Our sales force is monitored to ensure their continued suitability and adherence to fair treatment principles.

Conflicts of Interest

Outcome

Any potential or actual conflicts of interest will be avoided or properly managed and not affect fair treatment of customers.

Key Expectations

Howard Mutual has a Conflict of Interest Policy and takes all reasonable steps to identify and avoid or manage conflicts of interests. We put people first, which means that our agents place the customer's interests above their own. We avoid compensation structures, performance targets, or performance management criteria which could cause a conflict of interest. We also ensure that disclosure for managing conflicts of interest is used appropriately and does not put an unreasonable burden on the customer. If a conflict of interest cannot be resolved satisfactorily, we will decline to act.

Outsourcing

Outcome

Functions related to conduct of insurance business outsourced to service providers do not hinder the quality of services or jeopardize the Company's ability to achieve fair treatment of customers.

Key Expectations

Howard Mutual's service providers are expected to carry out their tasks in compliance with applicable laws, regulations, and guidelines, including those relating to privacy protection. Due diligence is taken in the selection and monitoring of our service providers to ensure that they are authorized and have the appropriate knowledge and ability to conduct insurance business and to contribute to the achievement of fair customer outcomes. Any complaints received about business that is outsourced are analyzed in order to promote customer experience and identify any issues to be addressed.

Design of Insurance Product

Outcome

The design of a new insurance product or significant adaptations made to an existing product take into account the interest of the target consumers' group.

Key Expectations

Our products and services are designed with the intended market in mind and respond to the needs of a variety of consumer groups. They are targeted appropriately to minimize the risk that marketing might lead those for whom they are unsuitable to buy them. The Company's sales force is trained to ensure they are knowledgeable about Howard Mutual's products and disclosures and that products are targeted appropriately.

Distribution Strategies

Outcome

Distribution strategies are tailored to the product, consider the interests of the targeted consumer groups, and result in consistent consumer protections independently of the distribution model chosen.

Key Expectations

Howard Mutual ensures that our distribution strategies are appropriate for our products, that adequate information is gathered to assess consumer needs, and that agents provide applicable advice. When needed, our agents provide us with necessary information to allow us to revise our distribution strategies in order to ensure continued fair treatment of customers.

Disclosure to Customer

Outcome

A customer is given appropriate information to make an informed decision before entering into a contract.

Key Expectations

Our agents are clear with customers about their relationship to Howard Mutual and the services they provide. Before, and at the point of sale, we expect our agents to adequately inform the customer so that they are able to make an enlightened decision. We strive to use plain language wherever possible, and to make disclosure to customers accessible in a written format, using a durable and accessible medium. Disclosure includes information on key features of the contract, particularly the rights and obligations of the customer, including the rights to cancel, to claim benefits, and to complain, and any provisions that could adversely affect the benefits payable.

Product Promotion

Outcome

Product promotional material is accurate, clear, not misleading, and consistent with the result reasonably expected to be achieved by the customer of the product.

Key Expectations

Promotional materials are independently reviewed before being distributed in order to ensure that they are accurate, clear, and not misleading. We aim to make them easily understandable and to state prominently the basis for any claimed benefits and any significant limitations. Important statements or warnings will not be hidden, diminished, or obscured. Should Howard Mutual learn of an inaccuracy in existing materials, we will ensure that the materials are withdrawn and that customers we know are relying on the inaccurate statement are informed as soon as reasonably practicable.

Advice

Outcome

When provision of advice is required by law before concluding the contract, customers receive relevant advice, taking into account the customer's disclosed circumstances.

Key Expectations

Advice provided to the customer is based on information provided by them, and takes into account their individual circumstances, including their financial knowledge, needs, ability to afford the product, and risk appetite. Howard Mutual expects customers to understand their needs in a general sense, to provide accurate information, to update their information, and to report the facts. Advice is provided to customers in writing, in a durable and accessible medium, and is kept in customer files. Where advice is not required by law, but would normally be expected, and the customer waives the advice, the agent will obtain and retain a waiver of advice. Furthermore, customer files are periodically reviewed to monitor the quality of advice provided. In order to ensure that our agents maintain an appropriate level of knowledge, they receive ongoing training.

Disclosure to Policyholder

Outcome

Policyholders are provided information which allows them to make informed decisions throughout the lifetime of their contracts.

Key Expectations

Howard Mutual ensures that changes in policy terms or in legislation applicable to the policy are communicated and that consent is obtained, as appropriate, when there are changes in the terms and conditions of a contract. Disclosing such information allows customers to determine whether the product continues to suit their needs and expectations. From time to time, customers are reminded of the options they can exercise. Significant changes to Company status, such as a change in our legal name, head office address, or acquisition by another entity are also communicated to policyholders.

Claims Handling and Settlement

Outcome

Claims are examined diligently and fairly settled, using a simple and accessible procedure.

Key Expectations

We ensure claimants are informed about the procedures for settling their claims and that they are provided with information about the status of their claim in a timely and fair manner. Clear explanations of key factors such as depreciations, discounting, or negligence, if applicable, are provided, as well as clear explanations when claims are denied in whole or in part. Howard Mutual ensures that claims procedures are as simple as possible and that necessary determinations are made impartially.

Complaints Handling and Dispute Resolution

Outcome

Complaints are examined diligently and fairly, using a simple and accessible procedure.

Key Expectations

Howard Mutual has policies and procedures in place to deal fairly and promptly with complaints. We provide a New Customer Survey at the time each customer receives their first new policy, a Customer Service Survey at the time of each customer's first policy renewal for the year, and a Claims Service Survey to each customer upon the completion of the claims process. All survey responses are reviewed by the President and CEO of the Company.

In addition to this, any person wishing to file a complaint about the service they receive, is invited to follow Howard Mutual's Complaint Handling Protocol, available on the Company's website. This protocol includes clear information about the independent dispute resolution process. Complainants are provided with information about the status of their complaint and records of the process are kept on file. We analyze complaints in order to identify trends and to correct common root causes.

Protection of Personal Information

Outcome

Confidentiality of personal information policies and procedures are adopted by the Company to ensure compliance with applicable legislation relating to privacy protection and to reflect best practices in this area.

Key Expectations

Safeguards are in place to ensure the confidentiality of personal information, including policies and procedures. Our Privacy Policy is posted on the Company's website, we have a Privacy Officer, and training programs are in place to ensure that privacy protection is part of Howard Mutual's culture.

Parts of this Fair Treatment of Customers Policy are derived from the following source:

Guidance: Conduct of Insurance Business and Fair Treatment of Customers, published by the Canadian Council of Insurance Regulators and the Canadian Insurance Services Regulatory Organizations, 2018.