



Fair Treatment of Customers

BACKGROUND

Financial Services Regulatory Authority (FSRA) of Ontario expects Edge Mutual to treat customers fairly; in fact, FSRA audits this metric during its monitoring and oversight activities of insurance companies, including Edge Mutual. As a result, these guidelines have been developed to provide direction to staff on how best to deal with situations involving customers in this context when issues or complaints arise relating to any aspect of our business of providing insurance.

This document is intended to provide guidelines on Edge Mutual's position on how to treat the policyholder (the customer of the broker) fairly.

In simple terms, Treating Customers Fairly means treating customers as we would expect to be treated ourselves. It's about making sure our products and services perform in the way the customer has been led to expect.

The requirement to treat our customers fairly is not new; it is one of our existing regulatory obligations and is firmly rooted in how we have conducted ourselves in dealing with all stakeholders going back to our inception. Guidelines including training around Treating Customers Fairly is a continuous process; it is not something that firms can implement and then forget about.

RESPONSIBILITIES OF EDGE MUTUAL AND BROKERS

Treating customers fairly is a shared responsibility between Edge Mutual and its stakeholders; those involved in any part of the process involving the selling and servicing of the insurance policies that Edge Mutual provides to policyholders through our broker distribution system.

With our commitment to the broker distribution channel, our obligations toward the policyholders cannot be delegated to the brokers. The principles surrounding the fair treatment of customers still apply to Edge Mutual; however, it is a shared responsibility with Edge Mutual having to ensure that our distribution arm provides the same level of fairness as we have committed to.

Edge Mutual's specific responsibilities include:

- Designing and testing products and broadly assessing their suitability for different types of customer;
- Selecting appropriate distribution channels;
- Providing appropriate information to distributors and, where relevant, customers;
- Monitoring the end result (i.e., determining whether products end up with the right type of customer and continue to deliver what the provider promised, and taking action if they do not);
- Delivering prompt post-sale service (e.g., claims handling).
- Products are soundly designed for the target market;
- Products perform as they were promised.
- Complying with statutory conditions and regulatory requirements intended to protect consumers and to conduct a legal insurance business operation in Canada

The brokers' specific responsibilities include:

- Ensuring that the distributor understands the provider's information about the product and, if the distributor is unclear about the information, questioning the provider and considering whether to distribute the product;
- Fully considering the customer's needs and circumstances (where advised) so that the product can be properly matched to the customer; and
- Ensuring that post-sale service meets the standard that the customer was led to expect.
- Customers have the information they need;
- The product is suitable for the customer (in the case of an advised sale); and
- Post-sale service meets the expectations created.

PURPOSE

We have stated consistently that our brokers are our customers and the policyholders are the customers of our brokers. These guidelines provide direction on our treatment of the ultimate customer (our policyholders). The purpose of this guideline is to ensure there is

common understanding as to what it means to treat customers fairly. The guideline provides direction to strengthen the public trust and customer's confidence in Edge Mutual. However, treating customers fairly is not just about the law; it is also about an ethical way of just how Edge Mutual intends to do business. Treating customers fairly is about putting customers first, and considering what they expect or need at every stage of the life cycle of our policy products; from the moment a product is envisioned and distributed, through to the fulfillment of the terms of the insurance contract.

All staff are responsible for treating customers fairly. Effective training for all staff on Treating Customers Fairly begins with every new employee and continues by the managers using performance management to develop staff; identifying and acting on poor performance and rewarding desired behaviour.

Expectation:

We have developed the following six consumer outcomes which explain what we want these guidelines and related training initiatives to achieve:

- **Outcome 1** – In dealing with Edge Mutual, policyholders must feel confident that they are dealing with an organization where the fair treatment of customers is central to our corporate culture
- **Outcome 2** – Our products and services are designed to meet the needs of identified consumer groups and are targeted accordingly (Shared responsibility)
- **Outcome 3** - Consumers are provided with clear information and kept appropriately informed before, during and after the point of sale (Shared responsibility)
- **Outcome 4** - Where consumers receive advice, the advice is suitable and takes account of their circumstances (Shared responsibility)
- **Outcome 5** - Consumers are provided with products that perform as Edge Mutual has led them to expect, and the associated service is of an exceptional standard and as they have been led to expect
- **Outcome 6** - Consumers do not face unreasonable post-sale barriers imposed by Edge Mutual and its brokers to change product, switch provider, submit a claim or make a complaint (Shared responsibility)

TREATING CUSTOMERS FAIRLY POLICY

In taking a rounded view of what fair treatment might mean and to understand the breadth of Edge

Mutual's initiative in this area, and its significance to our organization, it's useful to remind ourselves of the principles which govern our way of doing business.

Integrity – We must conduct our business with integrity.

Skill, care and diligence – We must conduct our business with due skill, care and diligence.

Market Conduct – We must observe proper standards of market conduct.

Customers' Interests – We must pay due regard to the interests of our customers and treat them fairly.

Communications with Customers – We must pay due regard to the information needs of our customers and communicate information to them in a way which is clear, fair and not misleading.

Conflicts of Interest – We must manage conflicts of interest fairly, both between ourselves and our customers and between our customer and another client. We will disclose on our website clear and concise information about our relationships with our intermediaries

Relationships of trust – We must take reasonable care to ensure the suitability of its advice and discretionary decisions for any customer who is entitled to rely upon its judgement.

Privacy Protection – We must arrange adequate protection for clients' assets when it is responsible for them.

EDGE MUTUAL'S COMMITMENT

A critical element of our success is our history of treating customers fairly which has allowed and fostered the trust of our customers. The Company is committed to providing the highest quality of personal service that can reasonably be expected. Honesty, fairness and exceptional service are hallmarks of the way Edge Mutual conducts business. Our objective is to demonstrate consistently that fair treatment of customers is at the heart of our business model. We will treat our customers fairly and consistently, as we would wish to be treated ourselves.

As part of our governance on this and other related guidelines, all employees and directors are asked to annually reaffirm their commitment to comply with our Code of Conduct and Business Practices, and provide assurance that they have complied with these guidelines over the last year.

In providing information to everyone with whom the company does business with; including the consumer, we must ensure that the information is clear, honest, relevant, factual and as complete as is practical. Our brokers are expected to sell our insurance products

and services on their merits, with a full description of the benefits and costs. Misrepresentation of either our products, or our competitors' products and services by any employee or stakeholders, is prohibited.

FAIR UNDERSTANDING AND COMMUNICATION

We will:

- Conduct appropriate customer research to help design our products and services
- Ensure that our customers understand their responsibilities and obligations

FAIR SERVICE

We will:

- Give our customers the service they have accepted
- Respond promptly, in a friendly manner
- Use customer information only for the agreed purpose
- Ensure appropriately trained staff are available
- Inform customers of the nature of our relationships with intermediaries
- Ensure that commission structures do not encourage the promotion of unsuitable products.

We have established the following guidelines that support Edge Mutual's commitment to ensuring we treat customers fairly.

- Code of Conduct for Edge Mutual's employees (Employees' Manual – 6030)
- Code of Business Conduct for Edge Mutual's insurance brokers
- Complaint Handling Protocol
- Managing Conflicts of Interest (Employees' Manual – 6080)
- Code of Consumer Rights and Responsibilities
- Personal Information Protection and Electronic Documents Act (PIPEDA) (Employees' Manual – 6070)
- Cyber Risk Protection

We have posted guidelines on our public website to provide customers with information and direction on what to expect, and the process we will follow in the event of any situation when a customer feels that they have not been treated fairly. These guidelines are also intended to be used by staff as part of their training and guidance on management's expectation on treating customers fairly.

Our website currently provides the following information to help customers understand our processes, direction and expectation when they have a complaint or concern on any part of dealing with our stakeholders and or Edge Mutual:

- Broker Compensation
- Conflicts of Interest
- Complaints Protocol
- Privacy Policies
- Understanding Insurance Basics
- Accessibility Standards for Customer Service
- Consumer Code – Rights & Responsibilities

We have rigorous policies and processes in place to monitor the effectiveness of current practices and respond quickly to any external threats or other privacy-related incidents.

EXCEPTIONAL & FAIR CLAIMS SERVICE:

When our customers make a claim we will:

- Ensure the customer is clear about the progress of the claim at every stage and the timescale of the claim
- Be empathetic and understanding
- Act promptly and efficiently
- Ensure the customer understands the extent of acceptance of their claim and any limiting policy terms and conditions
- Explain the reasons for our decisions

We have implemented customer feedback from closed 1st Party claims in an effort to determine potential areas of improvement in treating customers fairly in dealing with their claim.

FAIR FEEDBACK AND COMPLAINTS

When our customers offer feedback, or express dissatisfaction, we will:

- Listen to them carefully
- Respond quickly and effectively and learn from the feedback and use it to continually improve our service.

We also have guidelines on the company website where customers can contact our office for any situations where they are looking for help.

We will endeavour to provide the requested information

within 1 calendar month and should this be unachievable, we will contact them within the month and explain why.

Put simply, if customers fail to take reasonable care they may find that they reduce the protection they can expect under the law. But, in a strictly legal sense, consumer actions cannot be described as responsibilities. And when considering complaints, we need to examine the circumstances of the individual case carefully. An attempt to shift responsibility onto the consumer just on the basis that he or she has not read the written contract will often be simplistic and will not be treating the complaint fairly.

Once a complaint has been received an Edge Mutual, a designated staff member will investigate the complaint competently and impartially ensuring the assessment is fair, consistent and prompt, considering if there are reasonable grounds for Edge Mutual staff to be solely or jointly responsible for the matter alleged in the complaint taking into account all relevant factors. In some situations, we may need to involve the broker.

If a dispute cannot be resolved satisfactorily either by the direct staff or manager, the customer may appeal to the organization's Ombudsman. As an advocate for fairness, the Ombudsman does not take sides and addresses problems or concerns in an unbiased and impartial manner.

