

## Contests & Inducements Policy

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The Insurance Council of Manitoba (ICM) has developed a Policy on Contests and Inducements and provides five (5) scenarios to provide clarification.

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*The Insurance Act* of Manitoba ("Act") indicates:

**113(1)** In this section

"**person**" means a person engaged in the business of insurance and includes any individual, corporation, association, partnership, reciprocal or inter-insurance exchange, member of the society known as Lloyds, fraternal society, agent, broker and adjuster; (« **personne** »)

"**unfair or deceptive acts or practices in the business of insurance**" includes

(f) except as permitted by the regulations, a direct or indirect payment, allowance or gift of, or an offer to directly or indirectly pay, allow or give, money or anything of value to induce a prospective insured to transact insurance with an insurer,

Permitted inducements to prospective insureds, of *Regulation 220/2014* indicates that:

**2** For the purpose of clause (f) of the definition "unfair or deceptive acts or practices in the business of insurance" in subsection 113(1) of the Act, a person is permitted to make a direct or indirect payment, allowance or gift of, or an offer to directly or indirectly pay, allow or give, money or another thing of value to induce a prospective insured to transact insurance with an insurer as long as the fair market value of the payment, allowance, gift or offer to the prospective insured does not exceed \$25 per year.

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### **Scenario 1:**

**An agent/agency advertises a contest which is open to all members of the public, with no condition to obtain a quote, a proposal or purchase insurance.**

Council agreed that without any requirement for the consumer to do anything, there is no "*transacting insurance*" therefore, this is not a violation and is not an inducement.

### **Scenario 2:**

**An agent/agency advertises that if a member of the public gets a quote or a proposal, they will be given a "*gift*" or other thing of value (for example, a gift card). No contest is involved every person getting a quote or proposal gets the gift.**

Council discussed the difference between transacting and transaction and determined that obtaining a quote or proposal is transacting insurance as it is the first step in the process of purchasing an insurance policy. Council members further agreed that scenario 2 is an inducement to transact insurance and the gift must have a value of no more than \$25. If more than one gift per year is given to a member of the public, then the total value for the year of those gifts to that person must not be more than \$25.

### **Scenario 3:**

**An agent/agency advertises a contest where only those people who obtain a quote or proposal are able to enter the contest, and the contest's prize is valued at more than \$25. (e.g., big screen tv or a trip)**

Council determined in scenario 2 that obtaining a quote was transacting insurance. Council members further discussed whether a ballot to enter a draw had a market value, and if it did, how that value would be determined. Council decided that since it was a “*chance*” to win, that the ballot would have a nominal value if the number of available ballots were not limited. Council members agreed that scenario 3 would not be a violation.

**Scenario 4:**

**An agent/agency advertises a contest where only those people who purchase insurance are able to enter the contest, and the contest’s prize is valued at more than \$25. (e.g., big screen tv or a trip)**

Council discussed at length the requirement to purchase a policy to be entered into a draw as there was concern that the value of the ballot was the cost of the policy. However, the ballot itself still has a nominal value and it is still a “*chance*” to win, therefore scenario 4 would not be a violation.

**Scenario 5:**

**An agent/agency advertises that they will give a donation to charity if a person obtains a quote, a proposal, or purchases insurance.**

Council agreed that this scenario be treated the same as scenario 2, where obtaining a quote or proposal is “*transacting insurance*” and that the donation is an inducement; therefore, the donation would have to be not more than \$25 per year.

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