

## Fair Treatment of Customers Policy

Salus Mutual Insurance Company ("Salus 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 intermediaries who focus on personal service and who put customers first.

### 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.

Intermediary: is given a broad meaning and includes, but is not limited to, adjusters, agents, and business entities that distribute insurance products and services, including managing general agencies and third party administrators.

### Customer Outcomes and Expectations

Salus 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. We also follow CISRO's Principles of Conduct for Insurance Intermediaries and the Unfair or Deceptive Act or Practices (UDAP) Rule.

### 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 intermediaries are monitored to ensure their continued suitability and adherence to fair treatment principles.

Salus Mutual intermediaries maintain an appropriate level of professional knowledge and stay current through continuing education. Meeting educational requirements helps ensure the fair treatment of our customers. Intermediaries are not to misrepresent their level of competence and are not to conduct business beyond their level of professional knowledge and experience. Their duties match their training and education.

Intermediaries must comply with all applicable laws, regulations, rules, and regulatory codes to which they are subject.

## **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

Salus Mutual has a Conflict of Interest Policy and takes all reasonable steps to identify, disclose, avoid, or manage any actual or potential conflicts of interests. Our intermediaries place the customer's interests above their own, including when an intermediary is developing, marketing, recommending, distributing, and servicing products. 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, or interferes with the fair treatment of customers, 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

Salus 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 intermediaries are trained to ensure they are knowledgeable about Salus 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

Salus Mutual ensures that our distribution strategies are appropriate for our products, that adequate information is gathered to assess consumer needs, and that intermediaries provide applicable advice. When needed, our intermediaries 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 intermediaries are clear with customers about their relationship to Salus Mutual and the services they provide. Before, and at the point of sale, we 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. Our products and services are promoted in a fair manner. 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 Salus 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. Intermediaries are expected to provide objective, accurate, and thorough advice that enables the customer to make an informed decision.

Salus 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, Salus Mutual 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 intermediaries 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

Salus 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.

Intermediaries are expected to provide customers with objective, appropriate, relevant, timely, and accurate information and explanations so that they can make informed decisions. They will properly disclose the information to all necessary parties, including Salus Mutual, and disclose information and explanations in a manner that is clear and understandable to customers, regardless of the distribution model or medium used.

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. Intermediaries are

expected to handle or cooperate in the handling of claims and to provide customers 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. Salus 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

Salus 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 and follow-up occurs for any survey that does not meet reasonable standards.

In addition to this, any person wishing to file a complaint about the service they receive, is invited to follow Salus Mutual's Complaint Handling Protocol, available on the [Legals](#) page of 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. Intermediaries only collect and retain information that is necessary and appropriate for the fulfillment of the service or product provided. They only use and disclose the information for purposes and for the duration for which the customer has given consent, or as required by law. Our Privacy Policy is posted on the [Legals](#) page of the Company's website, we have a Privacy Officer, and training programs are in place to ensure that privacy protection is part of Salus Mutual's culture.

## **Protection Against Unfair or Deceptive Acts or Practices**

In compliance with the UDAP Rule, Salus Mutual is committed to ensuring that all customers are treated fairly and protected from unfair or deceptive practices.

This includes:

- Clear and transparent communications: Salus Mutual ensures that all customer-facing materials, including contracts, declarations pages (policy summaries), and marketing materials, are presented in clear and accessible language.
- Fair practices: We adhere to ethical sales and marketing practices, ensuring that customers are not misled or provided with false or incomplete information.

- Avoidance of deceptive acts or practices: We aim to protect customers from financial harm by ensuring that all products and services offered meet the needs of our customers as disclosed and agreed upon.
- Complaint handling: Our complaint handling procedures are designed to resolve any issues related to unfair treatment promptly and transparently.

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

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.

Principles of Conduct for Insurance Intermediaries, published by the Canadian Insurance Services Regulatory Organizations (CISRO), 2022.

Unfair or Deceptive Acts or Practices Rule, 2024.