

Conflict of Interest Legislation

Important Changes Affecting Life Insurance Agents

The insurance industry and the Financial Services Commission of Ontario (FSCO) have been working together to develop standards governing agents' qualifications. A new regulation, building on existing standards, requires that conflicts and potential conflicts of interest be revealed to clients as is standard in other professions.

A "conflict of interest" in simple terms means that the agent has an incentive to act other than in the best interest of the client or prospective client. The regulation does not require the disclosure of commissions as a routine matter, unless a difference in commissions would influence, or be perceived to influence, the recommendation or choice of insurance product.

The new regulation requires that you provide your clients with written disclosure of any conflict of interest or potential conflict associated with each transaction or recommendation. Once you advise your clients about the conflict, the client can decide whether or not to proceed with the transaction or recommendation.

In order to assist agents in determining where potential conflicts of interest lie, Benefits by Design has developed a chart for our Plan Advisor partners:

Disclosure of Supplier relationships

Suppliers	Benefits by Design	Great West	Manulife	Other	Other
Compensation Schedule	Flat % premiums				
Compensation Flexibility	yes				
Group Production Bonus	no				
Non Group Cumulative Production Bonus	no				
Incentive Rewards & Trips	no				
Education Rewards based on Production	no				