



Financial Services
Commission
of Ontario

LIFE INSURANCE PRODUCT SUITABILITY REVIEW

FINANCIAL SERVICES COMMISSION OF ONTARIO
MARKET REGULATION BRANCH

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FSCO Life Insurance Product Suitability Review Report

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Executive Summary

The Financial Services Commission of Ontario (FSCO), a regulatory agency of the Ministry of Finance, regulates Ontario life insurance agents. As a regulator, it is important for FSCO to understand what is occurring in the marketplace and to take a more proactive approach to market conduct regulation, rather than wait for problems to arise.

As published in the 2013 Statement of Priorities, FSCO conducted a review to better understand and assess the process that life insurance agents use at the point of sale when making product recommendations to prospective policyholders. The review also considered the actions that life insurance agents take to support the financial literacy of their clients. The review, which commenced in the summer of 2013, was an information-gathering exercise for FSCO.

FSCO held consultations with industry stakeholders to obtain a benchmark and a clearer understanding of the best practices for determining product suitability during a typical individual life insurance sales process with a potential client. A Life Insurance Agent Questionnaire (Questionnaire) was then prepared to determine how the actions of agents match the best practices described during the consultations. Stakeholders were consulted for feedback on the Questionnaire.

A statistically-valid, random sample of life insurance agents was selected to complete the mandatory online Questionnaire. In order to validate the questionnaire responses, FSCO met with fifty agents who completed the questionnaire to discuss and verify their responses. FSCO also held face-to-face individual discussions with a small sample of agents about their approaches and best practices.

The results of the review are presented in detail in this report. However, the main findings are:

- Best practices are largely being followed, i.e. the actual practices do reflect the needs-based sales practices described in the industry paper “The Approach: Servicing the Client Through Needs-Based Sales Practices.”
- Fifty per cent of the agents indicated that a compliance review had never been conducted, or at least not to their knowledge.
- Many of the sales activities are still largely done verbally with no written records.
- It appears that 90 per cent of agents always disclose conflicts of interest, but only 50 per cent do so in writing, as required by law.
- A majority of agents believe that they have a role to play in supporting their clients’ financial literacy.

The results from the Questionnaire will provide valuable information to both FSCO and the life insurance industry when promoting best practices on product suitability at the point of sale. The results will help inform the next stages of FSCO’s review. Agents can benchmark themselves against the aggregate results in this report and evaluate their own practices and identify areas of improvement. Having proper documentation discussions with clients will be very helpful, not only to FSCO, but also for agents, particularly in addressing complaints with the insurer, FSCO or in the courts.

Purpose

Governments and regulators around the world want consumers to receive the appropriate levels of information and advice when they purchase financial services or products.

The combination of economic uncertainty and the growing complexity of financial innovation and products have made product risks less apparent to consumers. Some products have unique or complex features that may not be well understood by consumers or the intermediaries themselves. Financial intermediaries receive incentives to sell financial products and, as a result, the suitability of these products for their clients may not be obvious. Life insurance agents are generally paid by commission. This all increases the potential for unsuitable sales transactions.

There is also currently a focus by all levels of government on financial literacy, specifically making sure people understand what they are buying. Financial literacy is considered an important skill that enables consumers to make informed decisions, thereby helping to promote a strong and stable financial system.

As published in the 2013 Statement of Priorities, FSCO undertook a market conduct review to better understand and assess the process that life insurance agents use at the point of sale when making suitable product recommendations to prospective policyholders. Its purpose was also to determine how the life insurance industry ensures that consumers obtain appropriate information to make informed decisions when purchasing life insurance products. In addition, the review considered the actions that life insurance agents take to support the financial literacy of their clients.

This was an information-gathering exercise for FSCO to be better informed of industry practices. It was not based on complaints received, nor any concerns or problems identified.

For the purposes of the review, product suitability referred to:

- the appropriateness of the product for the client's needs and circumstances;
- most appropriate product based on products or contracts available to the life insurance agent at the point of sale; and
- the affordability by the client.

The review focused on individual life insurance products which are sold during face-to-face meetings between a life insurance agent and a consumer and excluded group products or stand-alone health, disability, or other related products. The review also did not take into account the suitability of advice related to the investment strategy of any associated product.

In 2006, the Canadian Council of Insurance Regulators (CCIR) endorsed the following three principles for managing conflicts of interest in the insurance industry:

- Priority of Client's Interest;
- Disclosure of Conflicts or potential Conflicts of Interest; and
- Product Suitability.

In June 2007, FSCO sent a questionnaire regarding “Managing Conflicts of Interest” to a randomly selected sample of 1,400 Ontario agents to determine the extent to which the principles were being applied and the way in which they were being applied and documented. The results of that survey of agents indicated a high level of implementation of activities and practices at the point of sale, which supported the three principles. Regulators expected that the life insurance industry would continue to promote these principles and that implementation would increase. This was an underlying premise for developing the 2013 Questionnaire.

FSCO’S Methodology

During the summer of 2013, FSCO’s product suitability review project team consulted with industry insurer and intermediary stakeholders in order to obtain a benchmark and a clearer understanding of the industry practices for determining product suitability during a typical individual life insurance sales process with a potential client. FSCO engaged representatives from Advocis, Canadian Association of Financial Institutions (CAFI), Canadian Association of Independent Life Brokerage Agencies (CAILBA), Canadian Life & Health Insurance Association (CLHIA), Independent Financial Brokers of Canada (IFB), OmbudService for Life and Health Insurance (OLHI) and Ombudsman, Compliance and Complaints Officers of several insurers. FSCO also considered stakeholders’ views on best approaches to assess what occurs at the point of sale.

FSCO received information during the consultative process and reviewed industry practices described in the document [*The Approach: Servicing the Client Through Needs-Based Sales Practices*](#). *The Approach* was developed collaboratively by Advocis, CAILBA, CLHIA and IFB, and published in October 2007. Based on the above, FSCO prepared a flowchart representing what could be considered the best practices for a typical individual life insurance sales process. In order to determine how the actions of agents match these best practices, which were identified during the stakeholder consultations, FSCO also prepared a questionnaire to gather information on the practices of individual life insurance agents at the point of sale.

A statistically-valid, random sample of life insurance agents was selected to complete the Questionnaire, based on a confidence level of 95 per cent and a confidence interval of 3. Hence, for each answer choice selected by the sample, there is a 95 per cent certainty that the percentage of the entire population that would select that answer would be in the range of plus or minus 3 percent of the percentage of the sample that selected that answer.

FSCO also held face-to-face individual discussions with a small sample of agents about their approaches and best practices. In the context of the life insurance sales process, best practices refers to the standard guidelines that agents follow and the actions that agents take, which represent a benchmark of the ideal sales process.

A small sample of agents that completed the Questionnaire was also selected for follow up assurance visits in order to validate the reliability of their Questionnaire responses. FSCO met with these agents to discuss and verify their responses, as well as review a sample of files, records or materials used to support the responses to the Questionnaire.

At the close of the Questionnaire on November 15, 2013, the initial response rate was only 77 per cent. Although this response rate was sufficient for FSCO to proceed with a 95 per cent confidence level, it was an unacceptable level of non-compliance with a statutory request to provide the Superintendent of Financial Services (the Superintendent) with information. On March 10, 2014, FSCO reopened the Questionnaire to allow additional responses from non-complying agents. As a result, the final response rate improved to 92 per cent.

The Life Insurance Product Suitability Review was an information-gathering exercise with a high level of stakeholder engagement designed to validate and gauge the level of industry driven best practices. Agents and stakeholders were made aware of FSCO's expectations and the requirement to provide the requested information in an email that was sent to all life insurance agents. Specific emails were also sent to select agents. FSCO has initiated appropriate regulatory action against the agents who did not complete the Questionnaire.

E-mail communication with licensees will become increasingly more common for FSCO. The law allows for the Superintendent to levy administrative monetary penalties for the failure to advise FSCO of any change in the agent's mailing address, e-mail address, telephone number or fax number within five days after the change is effective, or the duty to provide information to the Superintendent when an inquiry is made.

This Questionnaire formed FSCO's initial information gathering activity related to life insurance product suitability. The responses and findings from this Questionnaire will help inform FSCO of its next steps. The industry's response to any findings would also impact those directions. FSCO expects to undertake further work around the reasonableness of product recommendations, as well as the role that insurance companies have to ensure that the insurance application makes sense. This would be to avoid fraud and to make sure that the application is suitable for the applicant.

Observations

Stakeholder Consultations

1. Sales Process Best Practices

FSCO consulted with seven stakeholder groups who were asked to:

- describe the typical individual life insurance sales process when a life insurance agent meets face-to-face with a potential policyholder; and
- outline the best practices for determining product suitability during this process.

As described by stakeholders, the best practices of life insurance agents, from the initial meeting with a client until the policy is issued, are largely reflected in the needs-based sales practices described in *The Approach*. The general principle of *The Approach* is that the recommended product or service must be appropriate for the needs of the client, as determined by a needs-based assessment done by the advisor and/or identified by the client, to the extent to which the client has chosen to provide their financial and personal information.

The sales process, which typically starts with a discussion to build a relationship and trust, may occur over one or several meetings with the client and should include the following steps:

Agent disclosure to client – The consumer should be provided with information about the range of products and services the advisor can sell. Information provided to the consumer should include advisor experience, knowledge, companies represented and potential conflicts of interest. As a best practice, there should be a written record of any discussion, privacy documents and disclosure documents.

Client expectations – The advisor and the client should have a common understanding about the services that the client expects the advisor will provide. The nature of the services that the client expects from the advisor should be clear, e.g. does the client want to purchase predetermined products or does the client want professional advice and/or product recommendations. As a best practice, a letter of engagement should be provided to the client.

Fact finding – Where product recommendations or professional advice are sought by the client, the advisor should obtain such information about the client as is reasonable in the circumstances. For example, an advisor receiving relevant information from a client to determine the client's life stage and available funds. If the client has already identified his or her needs and has already identified a specific (pre-determined) product, there may be no need to go through a detailed fact-finding process. As a best practice, there should be a written record of the discussion.

Needs assessment – Based on the facts and information obtained from the client, advisors should identify the client's life insurance needs. The extent of the assessment will vary according to product-needs and circumstances. As a best practice, there should be client and file copies of the needs assessment. The records and documents should show how the facts relate to the needs.

Recommendations and advice – Insurance product recommendations and professional advice should address a client need given the circumstances at the time of the sale. There should be written records of the discussion and the documentation should describe the linkage between fact-finding, needs assessment and advice, and provide an understanding of why the recommendation was made. There should also be client and file copies of any policy illustrations.

Product information – The client should be informed about options available through the advisor and should be provided with information about the products that the advisor recommends. Insurer approved marketing materials and brochures should be provided to the client.

Stakeholders explained that the above steps do not necessarily occur in a particular sequence but should take place at some point during the sales process.

The amount of information gathered, level of documentation and the extent of the needs assessment will vary depending on the degree to which the client is forthcoming with information, the nature of services to be provided, the client's personal and financial circumstances and the complexity of the products. Stakeholders also explained that since the process is one of relationship building, it involves a lot of verbal discussions, sometimes with minimal or no note taking or documentation. However, there was an acknowledgement of the need for more or better documentation.

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At the end of this process, the client should have all the necessary information to make an informed decision.

After the client agrees on a recommended product, the advisor submits the application for insurance to the insurer. Included in the applications is a:

- Completed application form;
- Replacement form (as required); or
- Copy of policy illustration.

If the policy is approved by underwriting and the policy issued, the advisor, on policy delivery to the client then:

- Reviews the Policy Contract;
- Concludes the policy delivery process; and
- Makes a written record of discussion.

The client then has a 10 day “free look” period to accept the contract, after which the policy contract is in force.

2. Financial Literacy

According to the Financial Consumer Agency of Canada, financial literacy means having the knowledge, skills and confidence to make responsible financial decisions. Within that definition,

- **Knowledge** refers to an understanding of personal and broader financial matters;
- **Skills** refers to the ability to apply that financial knowledge in everyday life;
- **Confidence** means having the self-assurance to make important decisions; and
- **Responsible financial decisions** refers to the ability of individuals to use the knowledge, skills and confidence they have gained to make choices appropriate to their own circumstances.

Stakeholders were also consulted on the life insurance agent’s role in supporting the financial literacy of their clients.

The general view was that life insurance agents are responsible for educating their clients about life insurance related matters, particularly with respect to the product options available and the recommended product. Provision of any additional financial information would be the role of a financial planner, not an insurance agent. However, some agents were of the view that financial literacy should be addressed during the needs and risk assessments.

2013 Life Insurance Agent Questionnaire

1. Responses to the Questionnaire

The 2013 Life Insurance Agent Questionnaire was sent via email to 1,348 randomly selected Ontario licensed life insurance agents on October 15, 2013. Completion of the online Questionnaire was mandatory pursuant to sections 442.1 “Inquiries” and 442.3 “Duty to Provide Information” of the *Insurance Act*, and the selected agents were required to complete the Questionnaire by November 15, 2013. The survey was conducted using “Survey Monkey”, a popular web-based surveying tool. The survey and responses can be found in Appendix 2.

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The Questionnaire, which was designed to determine how closely the actual practices of agents match the industry practices identified during the stakeholder consultations, consisted of 39 questions and was divided into the following 5 categories:

1. Agent Profile;
2. Knowledge of Clients and Products;
3. Recommendation and Documentation;
4. Disclosure of Conflicts and Potential Conflicts of Interest; and
5. Financial Literacy of Clients.

FSCO received a total of 1,032 responses to the Questionnaire, of which 1,000 were from selected agents and 32 voluntary. This equates to a 74 per cent response rate from selected agents and a 77 per cent response rate overall.

Given that completing the Questionnaire was mandatory and there was only a 77 per cent initial response rate, on March 10, 2014 FSCO reopened the Questionnaire to provide those actively licensed agents who did not respond a second opportunity to do so. There were 202 responses to the reopened questionnaire. Regulatory action will be taken against those agents who failed to respond by March 26, 2014, or failed to provide a reasonable explanation for not responding.

The results presented below are based on the original 1,032 responses received. The results are representative of the total respondents as the responses provided by the additional 202 agents were very similar to those of the original 1,032 responses.

a. Agent Profile

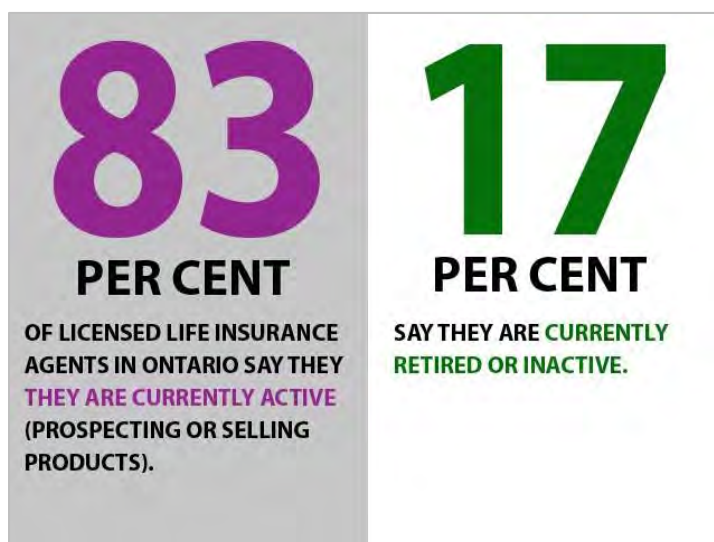
The objective of these questions was to obtain a general profile of the sample of life insurance agents. The questions covered areas such as number of years licensed, types of licences and designations held, distribution channels used, types and face values of policies sold and compliance reviews of life insurance files.

The Questionnaire results show that the 1,032 life insurance agents who responded represent the full range, from new licensees to life-long agents. Agents indicated that they have been licensed for as little as a few months to as many as 40 years. The duration of agents' licensing is as follows:

- 22 per cent have been licensed for 2 years or less,
- 22 per cent have been licensed for more than 2 years to 5 years,
- 19 per cent have been licensed for 6 to 10 years,
- 37 per cent have been licensed for more than 10 years.

The average number of years licensed is 9.8 years, which is comparable to the overall average of 10 years for all Ontario licensed life agents.

For the purposes of the Questionnaire, an agent is "active" if in the last 12 months the agent met with clients regarding their individual life insurance needs and provided advice resulting in the clients completing applications for individual life insurance products, for which the agent earned or would have earned commissions.



**Base number of responses: 1032*

Eighty-eight per cent of agents indicated that they are licensed exclusively in Ontario. The remaining 12 per cent indicated that they also hold licences across all the other provinces and territories, with the majority held in British Columbia (almost 7 per cent), Alberta (almost 5 per cent), and Quebec (3 per cent). These numbers are not mutually exclusive, meaning that some of the agents may hold concurrent licences in several provinces.

| Percentage of Ontario Life Insurance Agents Who Hold Licences in Other Provinces | | | | | | | | | | | |
|--|------------------|----------|---------------|-------------------------|-----------------------|-------------|---------|----------------------|--------|--------------|-------|
| Alberta | British Columbia | Manitoba | New Brunswick | Newfoundland & Labrador | Northwest Territories | Nova Scotia | Nunavut | Prince Edward Island | Quebec | Saskatchewan | Yukon |
| 4.7% | 6.6% | 2.7% | 2.0% | 1.7% | 0.6% | 2.9% | 0.5% | 1.4% | 3.0% | 2.6% | 0.7% |

Forty-six per cent of the agents are also licensed to sell mutual funds and an additional fourteen per cent are licensed to sell securities. Property and casualty licences are held by 12 per cent of the agents. Again, these numbers are not mutually exclusive in that some of the agents may hold concurrent licences in various sectors. The fact that more than one-half of agents are also licensed to sell mutual funds and securities could be influential on the type of products and services provided to their clients.

Two-thirds of the agents (65 per cent) indicated that they do not hold any professional designation other than life insurance agent credentials. Of those that hold additional designations, the following represents such designations:

- 17 per cent Certified Financial Planner (CFP);
- 7 per cent Chartered Life Underwriter (CLU);

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- 4 per cent Registered Health Underwriter/Certified Health Insurance Specialist (RHU/CHS); and
- 3 per cent Chartered Financial Consultant (Ch. F.C.).

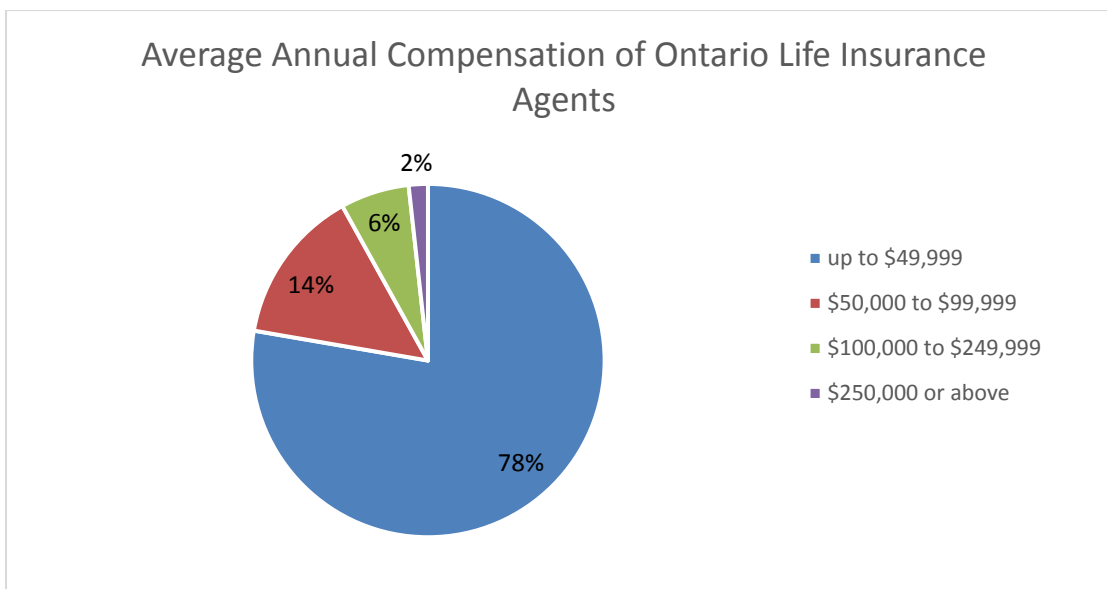
Close to 20 per cent of the agents indicated that they have “Other” designations not listed, including: Certified Investment Managers, various types of accountants, Personal Financial Planners and Certified Financial Analysts. Of those agents with designations, some hold more than one designation.

More than half of the active agents who responded identified with the independent distribution channel, with just over one-quarter self-identifying as career or captive agents. Only 1 per cent (7) agents identified as call centre agents. However, call centre agents were not a focus of this review.



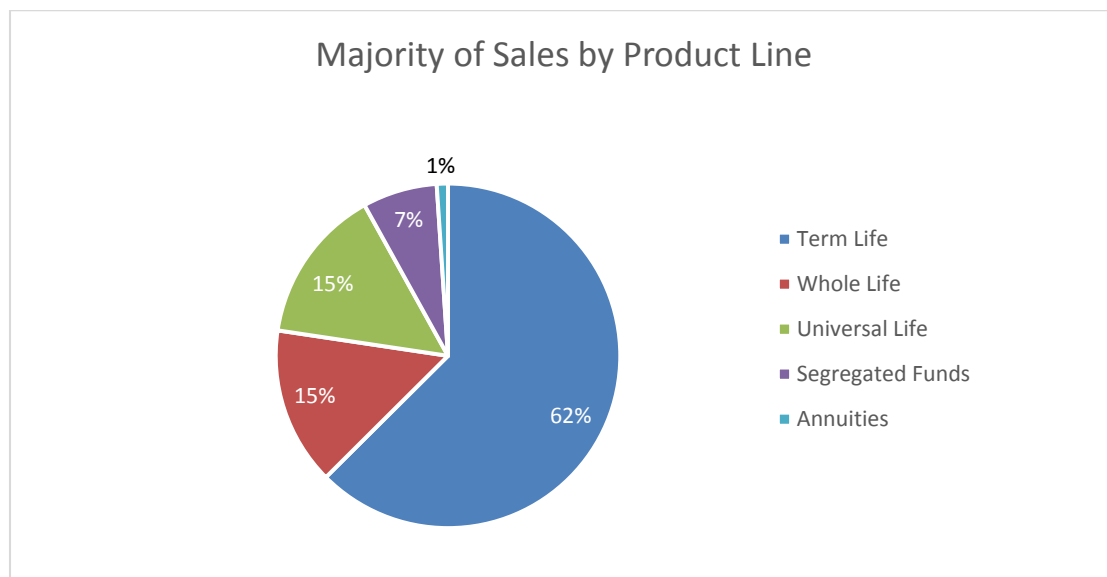
**Base number of responses: 857*

Survey results indicate that the majority of the agents earn a modest income from the sale of individual life insurance products. Based on the overall number of individual life insurance policies sold for the past three years, 78 per cent of the agents had an average annual compensation package of less than \$50,000, while just under two per cent of agents who responded earned \$250,000 or more annually.



**Base number of responses: 857*

Term Life policies with face values of less than \$250,000 appear to be the most widely sold product. Over 62 per cent of the agents indicated that over the past three years, the majority of their sales was for term life products. The number of agents who mainly sold either universal or whole life products was very similar at slightly less than 15 per cent each.



**Base number of responses: 857*

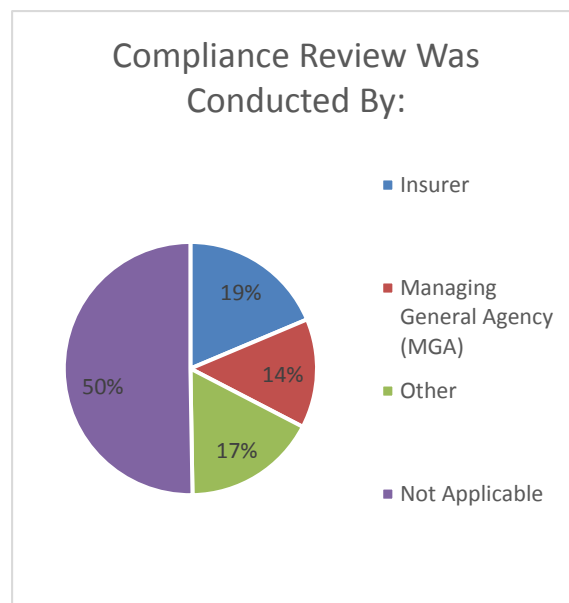
With respect to the average face/investment value of each of the policies sold in the past three years, the values are as follows:

- 52 per cent of agents indicated average face/investment values less than \$249,999;
- 35 per cent indicated \$250,000 to \$499,999;
- 11 per cent indicated \$500,000 to \$999,999; and
- 3 per cent indicated \$1 million or more.

It is interesting to note that of the highest compensated agents (i.e. 1.8 per cent earning \$250,000 or more) most are independent agents holding a Chartered Life Underwriter (CLU) designation. Survey results reveal that the more highly compensated agents sell more complex products, including whole life and universal life products, with higher face/investment values. For the 15 agents earning \$250,000 or more, 13 indicated that the average face/investment value of each policy sold was \$500,000 or above, of which almost half were \$1 million or above.

| Average Face Amount of Policies Sold by Active Ontario Life Insurance Agents | | | | | |
|---|----------------------------|----------------------|------------------------|--------------------|---------------------|
| (by Product) | | | | | |
| Product | Face Value (\$'000) | | | | |
| | <\$249 | \$250 - \$499 | \$500 - \$1,000 | >\$1,000 | Total Agents |
| Term Life | 235 | 229 | 63 | 9 | 536 |
| Whole Life | 80 | 24 | 15 | 8 | 127 |
| Universal Life | 69 | 38 | 9 | 9 | 125 |
| Segregated Funds | 52 | 5 | 3 | 0 | 60 |
| Annuity | 9 | 0 | 0 | 0 | 9 |
| Total Agents | 445 | 296 | 90 | 26 | 857 |

Only fifty per cent of the agents who responded indicated that a compliance review of their life insurance sales files had been done, with thirty per cent indicating that a review had been conducted less than a year ago. The other half of agents indicated that their files had never been reviewed or they are not aware that a review had been done. In those instances where a compliance review had been conducted, the majority were done by the insurer, 14 per cent by the MGA and 17 per cent by a party other than the insurer or MGA. As indicated by the agents, examples of “Other” parties include compliance department, internal audit and branch manager.

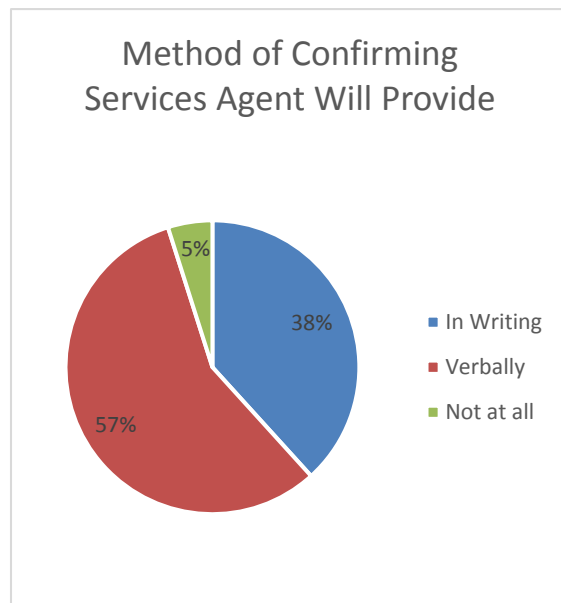
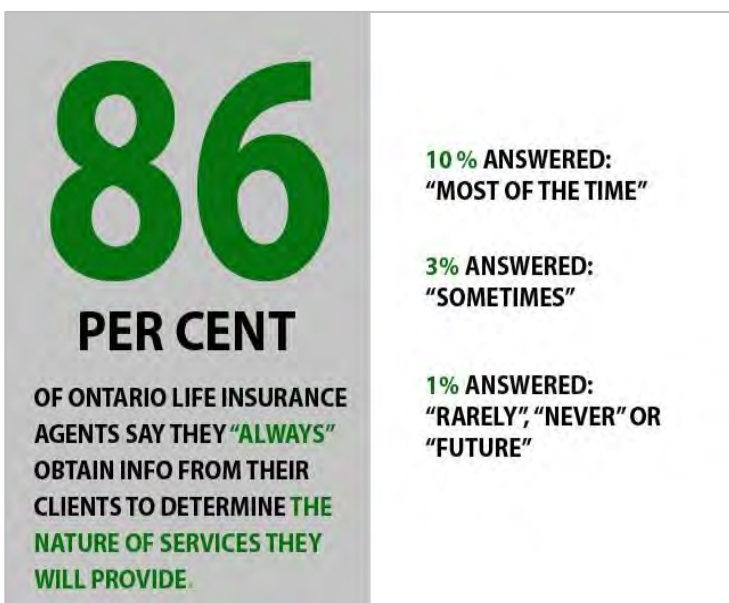


*Base number of responses: 857

b. Knowledge of Clients and Products

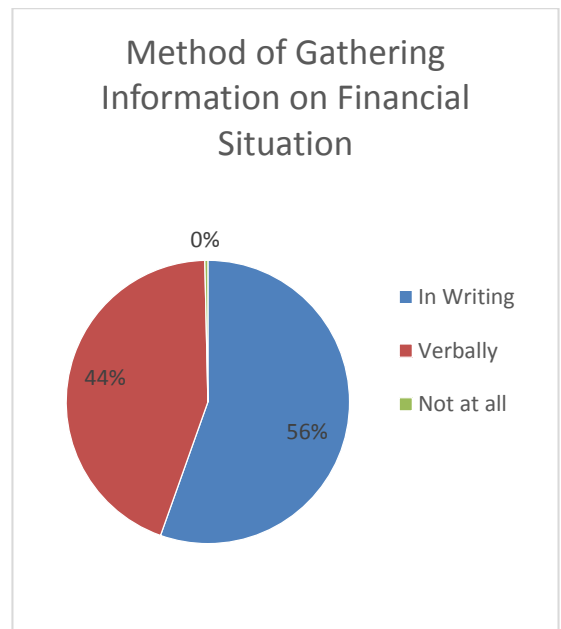
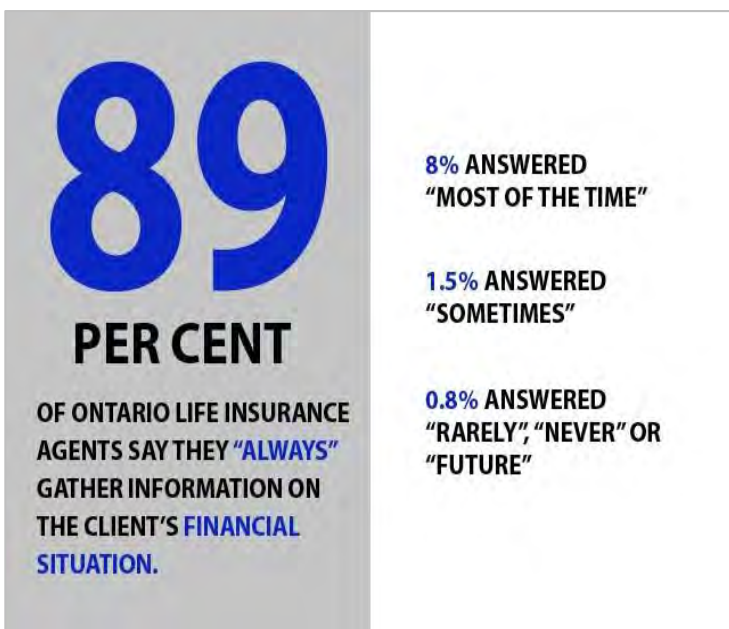
Questions 12 to 21 covered the agents' knowledge of clients and products by capturing the method and frequency of fact-finding, needs assessment and product search conducted by the agents.

As indicated during industry consultations and one-on-one interviews with a sampling of agents, as part of the sales process most agents determine their clients' expectations before proceeding. This was corroborated by the survey results in which 96 per cent of the agents answered "Always or Most of the time" when asked if they obtain information from clients to determine the nature of the services that are to be provided. However, the majority of the agents do not provide any written confirmation of the services that they will provide (such as a letter of engagement). Only 38 per cent of agents indicated that they provide written confirmation.



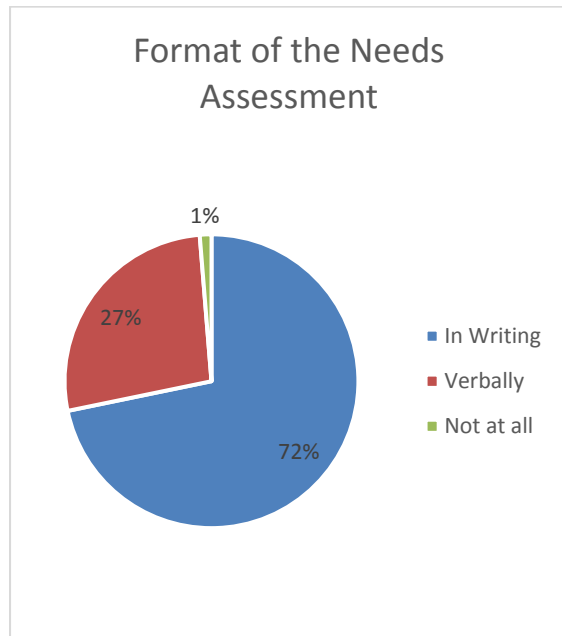
*Base number of responses: 857

Similarly, while most agents engage in fact-finding, with 98 per cent indicating that they either "Always" or "Most of the time" gather as many relevant facts as the client is willing to provide to assess his or her financial situation and personal circumstances, only 55 per cent of the agents gather this information in writing. There is value in having documented the fact-finding process, with documents provided by the client or with the agent's contemporaneous notes.



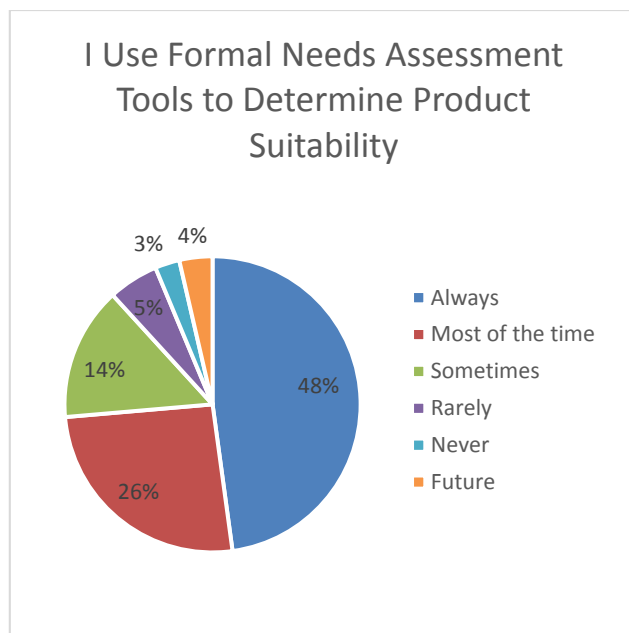
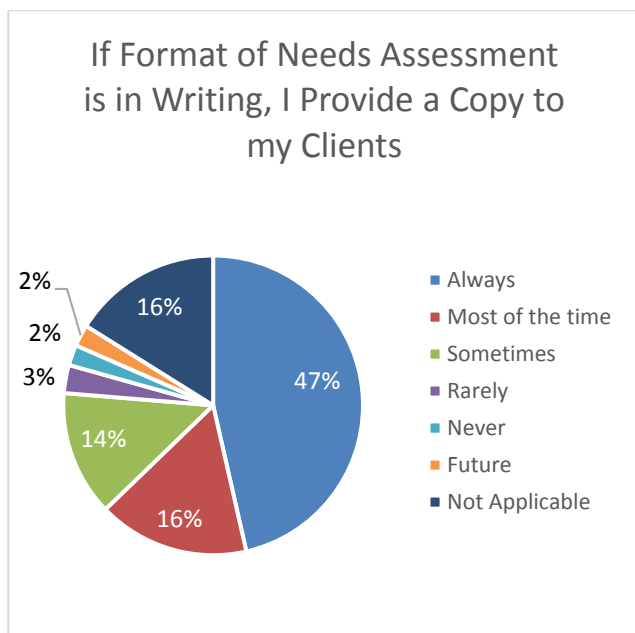
*Base number of responses: 857

Eighty-nine per cent of agents either “Always” or “Most of the time” complete a needs assessment to determine the client’s life insurance need, based on the facts provided the client. Only 3 per cent indicate that they rarely or never complete a needs assessment or that they plan to do so in the future. Seventy-two per cent of the agents complete the needs assessment in writing and the remaining 28 per cent complete the assessments verbally or not at all.



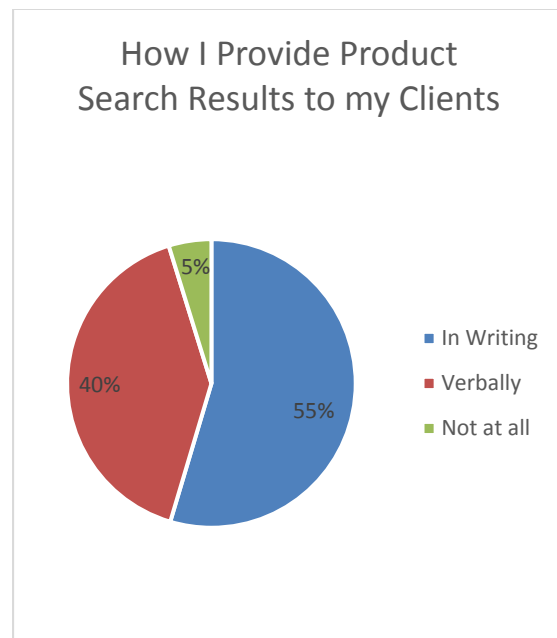
**Base number of responses: 857*

If the format of the needs assessment is in writing, 63 per cent of the agents either “Always” or “Most of the time” provide a copy to their clients, with 14 per cent of the agents providing it sometimes and 16 per cent indicating that this question was not applicable. Seventy four per cent of the agents either “Always” or “Most of the time” use formal needs assessment tools, with 15 per cent using it sometimes.



**Base number of responses: 857*

The practice of conducting a product search from the range of products offered by the company or companies the agent represents is completed by 93 per cent of the agents either “Always” or “Most of the time.” However, only 55 per cent of the agents provide product search results to their clients in writing.



**Base number of responses: 857*

It is interesting to note that under the *Insurance Act*, section 15 of Ontario Regulation 347/04 requires that agents disclose in writing the names of all insurers and providers of financial products or services that the agent represents. FSCO expects agents to always provide written disclosure and to obtain a signed acknowledgement of the disclosure documents from their clients.

Comparison to “The Approach”

“Client Expectations – The advisor and the client should have a common understanding about the services that the client expects the advisor will provide in the immediate transaction and ongoing relationship.”

- Ninety-six per cent of agents state that they “Always” or “Most of the time” determine their clients’ expectations by obtaining information to figure out the nature of the services that they will provide.

“Fact Finding – Where product recommendations or professional advice are sought by the client, the advisor should obtain such information about the client as is reasonable in the circumstances.”

- Approximately 98 per cent of the agents either always or most of the time gather as many relevant facts as the client is willing to provide to assess his or her financial situation and personal circumstances.

“Needs Assessment – Based on the facts and information obtained from the client, advisors should identify the client’s life insurance need.”

- A needs assessment is completed by 90 per cent of agents either “Always” or “Most of the time.”
- The practice of conducting a product search from the range of products offered by the company or companies the agent represents is completed by 93 per cent of the agents either “Always” or “Most of the time.”

The Questionnaire findings were in keeping with best practices as laid out in *The Approach*, whereby most of the agents (90 per cent or higher) determine their clients’ expectations, conduct fact-finding, complete a needs assessment and conduct a product search. However, while most of agents answered “Always” or “Most of the time” regarding the frequency of their fact-finding, needs assessment and product search practices, a significantly lower percentage document their discussions and maintain records.

c. Recommendation and Documentation

The questions under the “Recommendation and Documentation” section of the Questionnaire, asked agents about the recommendations and advice provided to clients regarding products and services and the documentation of these recommendations.

Approximately 98 per cent of the agents “Always” or “Most of the time” develop recommendations for products or services based on the needs identified and considering the client’s financial condition and personal circumstances.



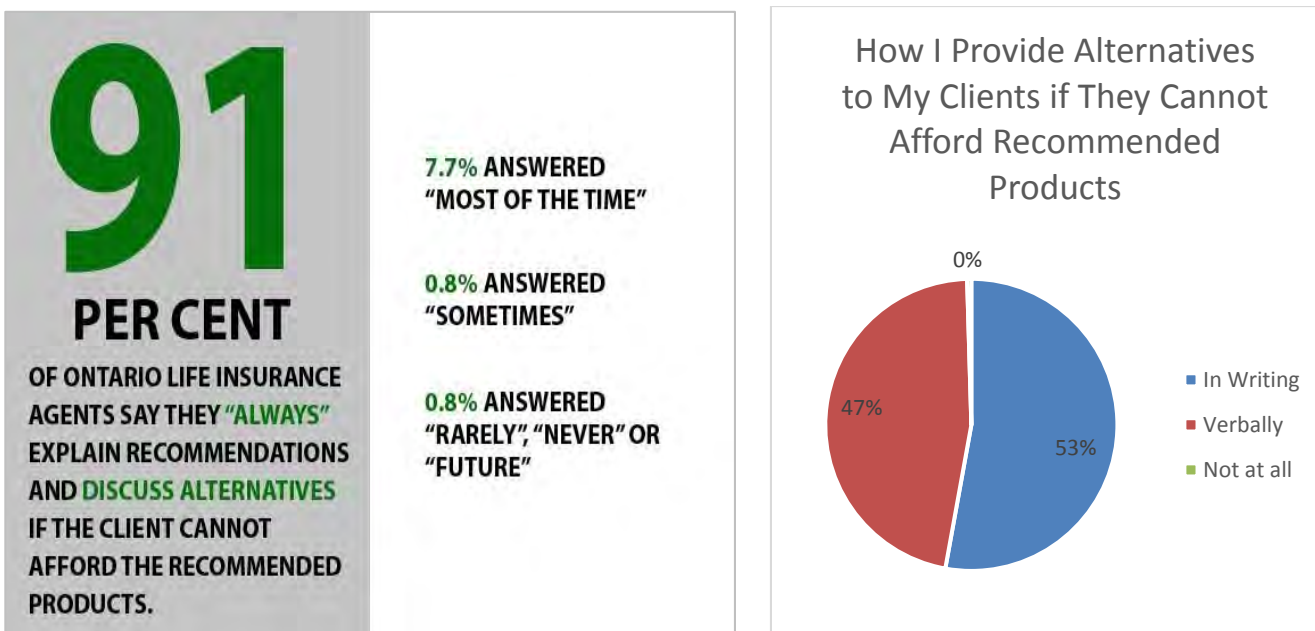
**Base number of responses: 857*

Eighty-three per cent of the agents "Always" or "Most of the time" maintain records that show the reasons for the recommendations made and eight per cent of the agents "Sometimes" maintain records.



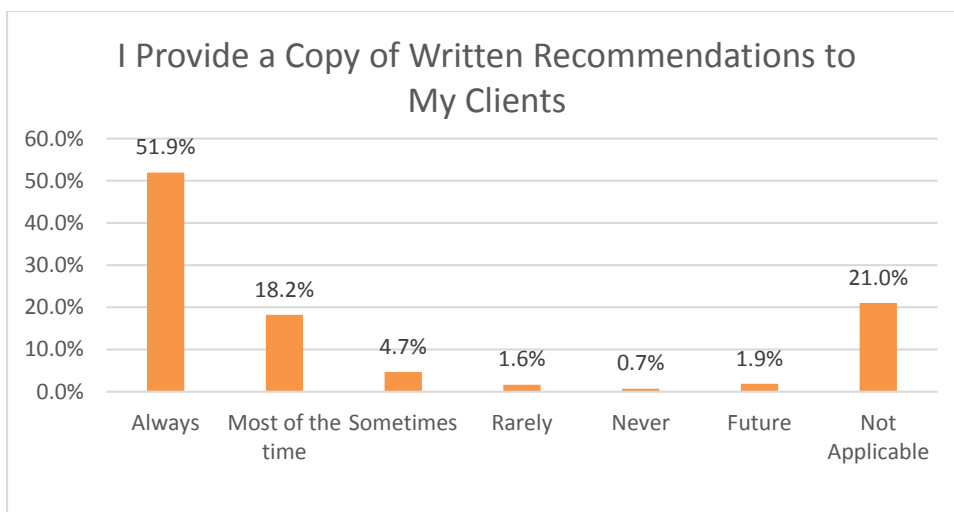
**Base number of responses: 857*

Explaining the recommendations and discussing alternatives if the client cannot afford the recommended products is completed "Always" or "Most of the time" by 98 per cent of the agents with 53 per cent of the agents providing the recommendations in writing.



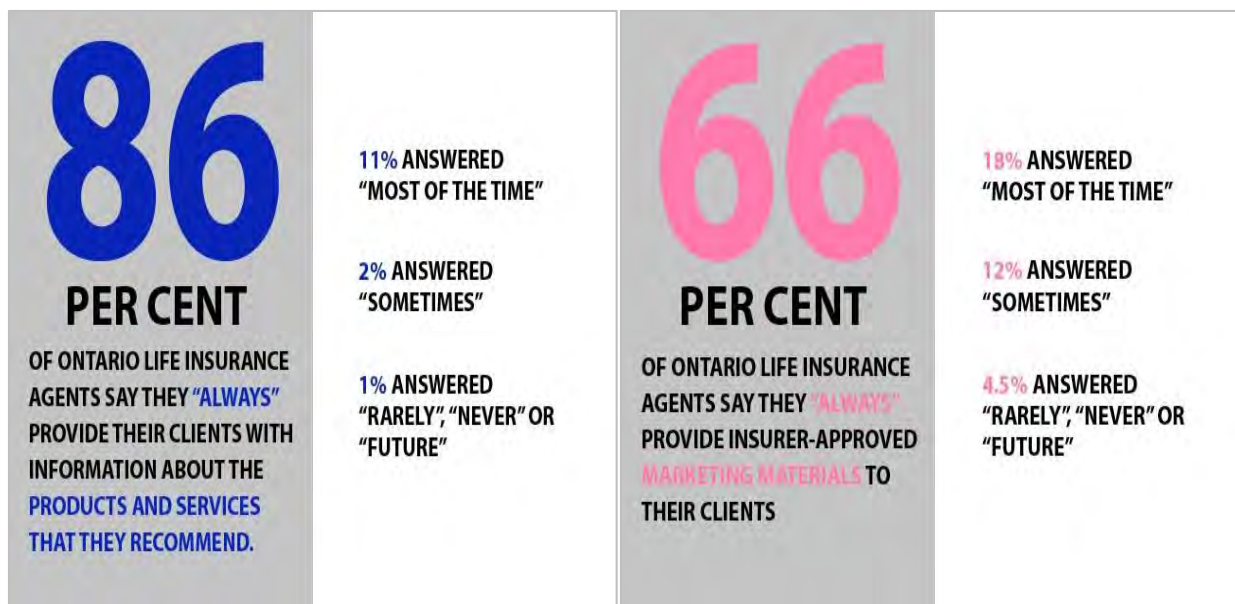
*Base number of responses: 857

If the recommendations are made in writing, 70 per cent of the agents "Always" or "Most of the time" provide a copy of their recommendations to their clients, while 21 per cent indicated that this question was not applicable.



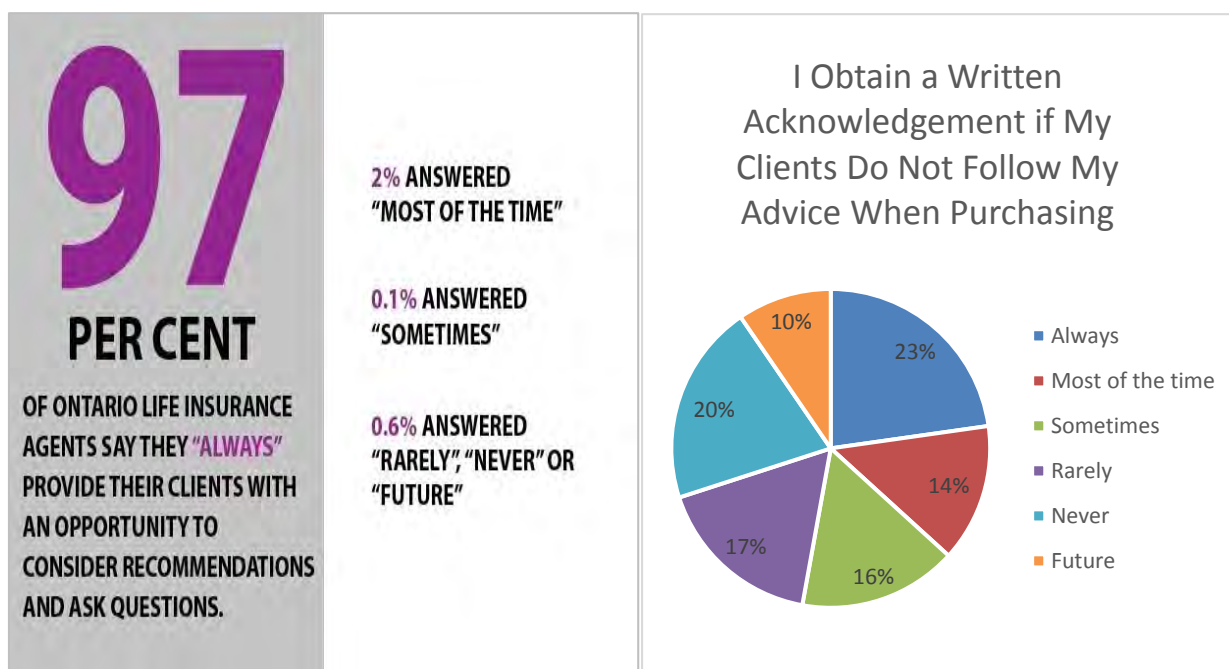
*Base number of responses: 857

As many as 97 per cent of the agents "Always" or "Most of the time" provide their clients with information about the products and services that are recommended, with 84 per cent either "Always" or "Most of the time" providing insurer-approved marketing materials.



*Base number of responses: 857

More than 99 per cent of the agents indicated that they provide their clients with an opportunity to consider their recommendations and advice and to ask questions. However, only 37 per cent stated that they obtain a written acknowledgement from the client either "Always" or "Most of the time" if the client did not follow their advice when purchasing products.



*Base number of responses: 857

Comparison to “The Approach”

“Recommendations and Advice – Insurance product recommendations and professional advice should address a client need given the circumstances at the time of the sale.”

- Approximately 98 per cent of the agents stated that they “Always” or “Most of the time” develop recommendations for products or services based on the needs identified and considering the client’s financial resources, situation and personal circumstances.

“Product Information – The client should be informed about options available through the advisor and provided with information about the products that the advisor recommends.”

- Ninety-seven per cent of the agents specified that they “Always” or “Most of the time” provide the client with information about the products and services that are recommended.

The Questionnaire results show that when developing and recommending products to their clients, agents largely follow the industry practices indicated in *The Approach*. However, the degree of written record keeping of such recommendations is markedly less so. Although 98 per cent of the agents answered “Always” or “Most of the time” to the questions about developing recommendations and explaining them to their clients, only 83 per cent keep any records of reasons for the recommendations. An even lower percentage (53 per cent) of agents provide written explanation to the client.

FSCO was pleased to note, however, that almost all agents (over 99 per cent) provide clients with an opportunity to consider the recommendations and to ask questions.

Also interesting to note is the close split between those agents who obtain a written acknowledgement from clients who do not follow their advice and those who do not obtain written acknowledgement. When asked if they obtain a written acknowledgement from clients, 30 per cent of the agents indicated that they never do or that they plan to do so in the future. A similar percentage (37 per cent) indicated that they obtain a written acknowledgement “Always” or “Most of the time.” This result is consistent with stakeholders’ comments during the consultations.

d. Disclosure of Conflicts and Potential Conflicts of Interest

Section 16 of Ontario Regulation 347/04 requires that an agent who holds a life insurance licence shall disclose in writing to a client or prospective client any conflict of interest or potential conflict of interest that is associated with a transaction or recommendation.

Only 90 per cent of the agents indicated that they “Always” disclose to their clients any potential or actual conflicts of interest and the disclosure is done in writing only 51 per cent of the time. This means that 10 per cent of the agents still do not always disclose any potential or actual conflicts of interest to their clients. In addition, in almost half of the cases, those who disclose are not providing written disclosures.



**Base number of responses: 857*

For an additional perspective, FSCO considered whether there was a difference in the pattern of written conflict of interest disclosure based on the way an agent self-identified with a distribution channel or by the years licensed. With the exception of call centre agents, the results found were similar in that, regardless of distribution channel or years licensed, about half of agents are not providing written disclosures of conflicts of interest. Call centre agents indicated that they either do not disclose conflicts of interest (29 per cent) or that disclosures are done verbally (71 per cent).

| Method used by Agents to Disclose Conflicts Of Interest (By Distribution Channel) | | | | | |
|--|------------------------------|------------------|---------------------------------------|---------------------------------------|------------------------------|
| | Independent Agent | MGA Agent | Career / Captive Agent | National Account Agent | Call Centre Agent |
| In Writing | 49% | 54% | 50% | 62% | 0% |
| Verbally | 48% | 45% | 46% | 37% | 71% |
| Not at All | 3% | 2% | 4% | 1% | 29% |

**Due to rounding, some columns may not total 100%*

| Method used by Agents to Disclose Conflicts Of Interest (By Years Licensed) | | | | |
|--|-----------------|------------------------------|---------------|--------------------|
| | 2 years or less | More than 2 years to 5 years | 6 to 10 years | More than 10 years |
| In Writing | 49% | 49% | 52% | 52% |
| Verbally | 47% | 47% | 45% | 46% |
| Not at All | 4% | 4% | 3% | 2% |

**Due to rounding, some columns may not total 100%*

CCIR formally endorsed three principles for managing conflicts of interest in the insurance industry:

- Priority of client’s interest;
- Disclosure of conflicts or potential conflicts of interest; and
- Product suitability.

In June 2007, FSCO sent a questionnaire regarding “Managing Conflicts of Interest” to a randomly selected sample of 1,400 Ontario agents to determine the extent to which the principles were being applied and the manner in which they were being applied and documented. The results of that survey of agents indicated a high level of implementation of activities and practices at the point of sale, which supported the three principles.

Four questions under the “Disclosure of Conflicts and Potential Conflicts of Interest” section of the 2013 Life Agent Questionnaire (31 to 34) were about agents’ disclosure of methods of compensation and conflicts or potential conflicts of interest.

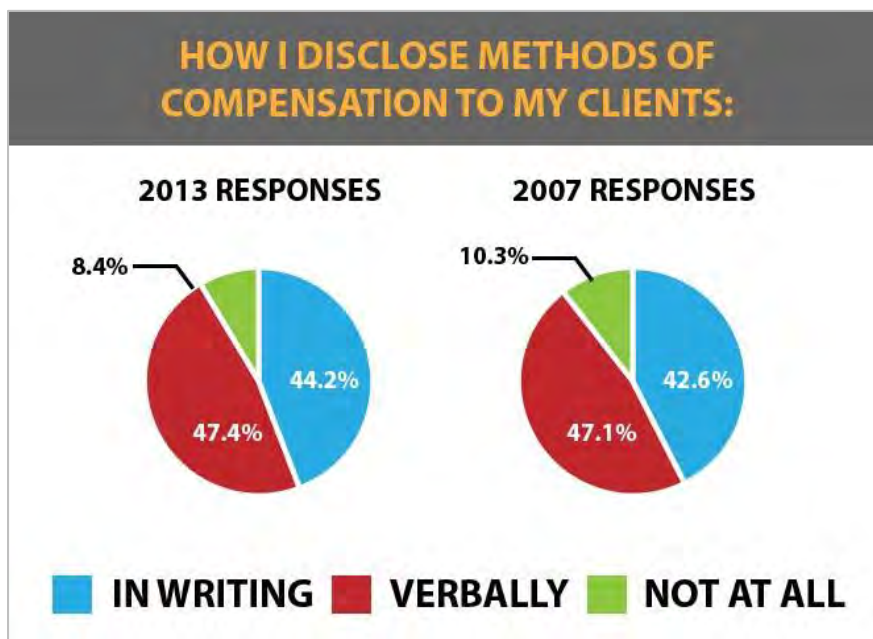
Two of the questions (31 and 32) were also asked on the 2007 Managing Conflicts of Interest Questionnaire and there are some striking similarities in both questionnaires responses.

When asked if they disclose the methods of compensation associated with a product sale to their clients, only 76 per cent answered “Always” or “Most of the time.”



**Base number of responses: 857*

Additionally, only 44 per cent of the agents indicated that they disclose that information to their clients in writing. In 2007, the responses were very similar with 75 per cent indicating “Always” or “Most of the time” and 43 per cent providing written disclosure.



*Base number of responses: 857

FSCO again considered whether there was a difference in the pattern of disclosure of compensation based on the way an agent self-identified with a distribution channel or by the number of years licensed. Except for national account and call centre agents, where close to 90 per cent answered “Always” or “Most of the time,” the results were similar in that regardless of distribution channel or years licensed, only about three-quarters of agents indicate that they disclose the methods of compensation “Always” or “Most of the time.”

| Agents' Disclosure of Compensation (By Distribution Channel) | | | | | |
|--|-------------------|-----------|------------------------|----------|-------------|
| | Independent Agent | MGA Agent | Career / Captive Agent | National | Call Centre |
| Always | 60% | 65% | 62% | 78% | 86% |
| Most of the time | 12% | 13% | 14% | 10% | 0% |
| Sometimes | 15% | 14% | 9% | 8% | 0% |
| Rarely | 4% | 4% | 6% | 3% | 0% |
| Never | 8% | 4% | 8% | 1% | 14% |
| In the future | 1% | 1% | 1% | 0% | 0% |

*Due to rounding, some columns may not total 100%

| Agents' Disclosure of Compensation (By Years Licensed) | | | | |
|---|------------------------|-------------------------------------|----------------------|---------------------------|
| | 2 years or less | More than 2 years to 5 years | 6 to 10 years | More than 10 years |
| Always | 58% | 64% | 64% | 65% |
| Most of the time | 11% | 17% | 13% | 11% |
| Sometimes | 13% | 8% | 13% | 14% |
| Rarely | 7% | 3% | 3% | 5% |
| Never | 11% | 8% | 7% | 4% |
| In the future | 1% | 1% | 1% | 1% |

**Due to rounding, some columns may not total 100%*

In August 2005, the Canadian Life and Health Insurance Association published an Advisor Disclosure Reference Document, as well as similar documents which are available from other agency sources, providing an outline of the mandatory regulatory disclosure requirements. This document was created in response to Regulation 347/04 which established new disclosure requirements. The 2007 Questionnaire was a first check of compliance related to this regulation. This Questionnaire will not be the last.

FSCO was surprised to find that despite the six intervening years (2007 to 2013), no material change in behaviour has been observed with respect to the statutory written disclosure requirements on the part of a material number of agents. Given the passage of time and the abundance of information with respect to this requirement from stakeholders, the high percentage of non-compliance is of great concern to FSCO.

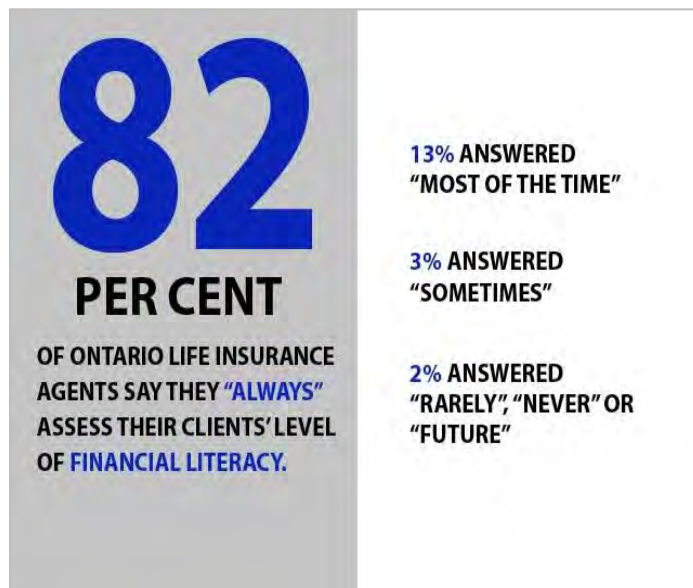
FSCO understands that there could be other interpretations of the degree of compliance noted for the disclosure of potential or actual conflicts of interest. The target agent populations were slightly different for the 2007 and 2013 questionnaires, with the 2013 population being somewhat smaller. In addition, agents may believe that they have no conflicts of interest so there is nothing to disclose. Alternatively, agents may believe that by making the compensation disclosure they have addressed the inherent conflict of interest disclosure and there is nothing further to disclose. In the end, the simplest explanation may be that agents either do not understand the rationale behind conflicts of interest or do not understand their obligations under the law.

FSCO believes that two different disclosures are required; one for compensation, the other for conflicts of interest. Nothing precludes the disclosures from being released concurrently. It would also be prudent, in the case of conflicts of interest, for agents to make a negative declaration if the agent does not have any conflicts of interest. Regardless, agents must make disclosures in writing and a copy of the written acknowledgement should be retained by the agent. FSCO will review this matter further.

e. Financial Literacy of Clients

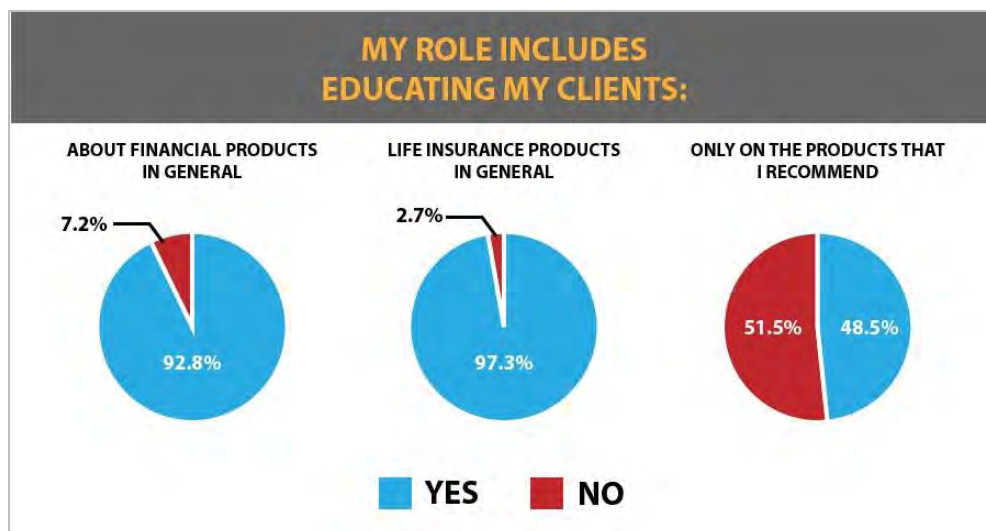
The four questions under the “Financial Literacy of Clients” section of the Questionnaire were asked in order for FSCO to get an understanding of what agents considered to be their role in relation to the financial literacy of their clients.

When asked if they assess their clients' level of financial literacy, as many as 95 per cent of the agents indicated that they do so "Always" or "Most of the time." Moreover, 93 per cent of the agents surveyed confirmed their belief that their role includes educating clients about financial products in general. FSCO was pleasantly surprised at these results, as they demonstrated a striking contrast to the stakeholder consultations. At that time, it appeared that about 50 per cent of parties engaged in the consultation were of the opinion that financial literacy education was their responsibility and felt that provision of any non-insurance related financial information would be the role of others, such as a financial planner.



**Base number of responses: 857*

The general view during the stakeholder consultations was that life insurance agents are responsible for educating their clients about life insurance related matters, particularly with respect to the product options available and the recommended product. This view was fully supported by the survey results: 97 per cent of the agents believe their role is to educate clients on life insurance products in general. Only 49 per cent of the agents believe that their role is to educate clients only on the products that they recommend. It was encouraging to find that many agents do believe they have a role in supporting their clients' financial literacy. The results showed that improving financial literacy is a participative process, i.e. could not be done without the client's active involvement.



*Base number of responses: 857

One-on-One Visits

During the Questionnaire period FSCO also conducted face-to-face meetings with a small sample of agents to discuss their life insurance sales practices. Industry stakeholders were asked to provide a list of agents who would be willing to participate in this information-gathering exercise and were considered to represent the best practices that should be included in FSCO’s final report. From this amalgamated list, a cross-section of agents was selected from across the Greater Toronto Area (GTA).

FSCO’s product suitability review project members met with eleven agents individually, who described their respective sales practices and provided examples of the sales discussion and any related documentation used.

As expected, FSCO found that the “typical” sales meeting described by these agents has all the elements outlined in *The Approach*, including detailed fact-finding and needs assessment to determine appropriate policy options. Agents also indicated that detailed notes of discussions held with clients are taken and kept on file. For some agents, every meeting with a client is followed up with an email confirming the discussions. Email is the most common mode of communication and documentation.

A few of the agents indicated that after the client’s expectation has been established they do not normally provide a letter of engagement to their clients.

The agents generally explained that detailed fact-finding is done to gather all the pertinent personal and financial information from the client. In some instances, if the client refuses to provide all the information requested, the agent will not proceed.

While all the agents complete a needs assessment, the format varied from a simple paper based format to electronic tools; most times, this is product dependent. One agent suggested that a needs assessment should be made a mandatory part of the sales process as it would help to avoid litigation.

The product features and options of the recommended product are always discussed with the clients and an email is normally sent to the client confirming the decision.

Disclosure of conflicts of interest did not appear to be an issue. However, some agents indicated that disclosure of commissions is normally done verbally. One agent felt that the insurance industry in general is not as strong on disclosures as it should be and that all agents should be required to provide the same types of disclosures.

With respect to the agent's role in financial literacy, most agents were of the opinion that assessing financial literacy was inherent in the fact finding and needs assessment process. Often times, a client's level of financial literacy would become apparent during discussions when gathering personal and financial information about the client and assessing clients' needs. Some agents indicated that they do take an additional step in providing financial literacy education in the form of industry articles and illustrations to prospective and existing clients.

Overall, the findings from these agents' interviews reinforced that the practices for the individual life insurance sales process reflected the elements of *The Approach* but these agents placed a high degree of importance on written communication and documentation.

Assurance Visits

In order to validate the reliability of the Questionnaire responses a random sample of agents was selected for follow-up assurance visits. FSCO met with these agents to discuss and verify their responses and to review a sample of files, records or materials used to support the responses to the Questionnaire.

A total of 50 life insurance agents from across the GTA, representing approximately 5 per cent of those agents sampled for the Questionnaire, were visited on-site by a Senior Compliance Officer. Assurance visits took place during the period of December 2 to 20, 2013, and mostly at the agents' offices.

Of the 50 life insurance agents who were selected for a review, 47 were active agents and 3 were inactive. The average period of time that the agents have been licensed is 8.2 years which falls within the range of new licensees and those tenured to the industry.

Overall, the verification review found that agent practices reflected the responses to the Questionnaire and only minor issues were noted during the assurance visits.

The minor issues, which were noted on only 4 of the 50 assurance visits, primarily included misunderstanding the questions or unclear or missing written communications. No regulatory action was taken in these instances.

Several agents offered positive feedback from the assurance visits, indicating that they found the exercise to be very useful and will learn from it to change their practices (for example, put written copies of needs assessments in files going forward). Other agents, particularly the newer licensees, were happy for the opportunity to speak with FSCO and some want FSCO to "implement best practices."

FSCO also assessed the comparability of the assurance sample to that of the total questionnaire population and found it to be entirely corroborative. As no material issues were identified during the assurance visits, FSCO is of the view that it can fully rely on the Questionnaire responses as an indication of the actual practices of life insurance agents in Ontario.

Conclusions

This review focused on the practices of agents during the individual life insurance sales process, specifically face-to-face meetings between the agent and the consumer. The review was an information gathering exercise for FSCO to get an understanding of the market place and the process that agents use when dealing with consumers. The results of this initial fact-finding exercise will help to determine FSCO's next steps.

The Questionnaire results show that, in general, the actual practices of life insurance agents reflect the needs-based sales practices described in the industry paper *The Approach*. As no material issues were identified during the assurance visits, FSCO considers the responses to the Questionnaire to be valid and will therefore rely on the Questionnaire responses as an evidence-based assessment of the actual practices of life insurance agents in Ontario. In addition, the individual face-to-face meetings that were conducted with a small sample of select agents also revealed that agents' best practices for an individual life insurance sales process do reflect the elements of *The Approach*.

However, while both the survey results and the face-to-face meetings indicate that best practices are largely being followed, the same results indicated areas for improvement. For example, while most agents (90 per cent or more in most cases) determine their client's expectations, engage in detailed fact-finding, complete a needs assessment, provide the relevant disclosures, provide and explain recommendations and advice and provide product information, the degree of record keeping is much lower. Many of these activities are still done verbally with no supporting written records of the discussions. In fact, on average, only 53 per cent of agents indicated that their sales activities are done "In Writing," 44 per cent said they are done "Verbally" and the remaining 3 per cent said "Not at all." (Note: Do not follow these needs-based sales practices.)



*Base number of responses: 857

FSCO made the following assessment about overall use of writing by agents according to their years licensed and by the self-identified distribution channel. On average, the use of writing by distribution channel or years licensed was similar to the overall rate. In most instances, just over 50 per cent of agents indicated that they conduct their activities in writing. Again, there was a notable difference in the response of call centre agents. Only four per cent of call centre agents indicated that their activities are done in writing.

| Method used by Agents to Conduct Their Activities (By Distribution Channel) | | | | | |
|--|--------------------------|------------------|-------------------------------|-------------------------------|--------------------------|
| | Independent Agent | MGA Agent | Career / Captive Agent | National Account Agent | Call Centre Agent |
| In Writing | 52% | 48% | 56% | 56% | 4% |
| Verbally | 45% | 48% | 40% | 43% | 90% |
| Not at All | 3% | 4% | 4% | 2% | 6% |

**Due to rounding, some columns may not total 100%*

| Method used by Agents to Conduct Their Activities (By Years Licensed) | | | | |
|--|------------------------|-------------------------------------|----------------------|---------------------------|
| | 2 years or less | More than 2 years to 5 years | 6 to 10 years | More than 10 years |
| In Writing | 56% | 51% | 54% | 51% |
| Verbally | 41% | 45% | 43% | 46% |
| Not at All | 3% | 4% | 3% | 3% |

**Due to rounding, some columns may not total 100%*

FSCO was pleased to see that contrary to what was generally heard during the stakeholder consultations, the majority of agents believe that they have a role to play in supporting their clients' financial literacy. Close to 93 per cent indicated that their role includes educating clients about financial products in general.

It was, however, concerning to find that nearly half of the sample reports non-compliance with written disclosure requirements. Also concerning was that 10 per cent of agents indicated that they do not always disclose conflicts and potential conflicts of interest to clients, even after the work done by CCIR and CISRO between 2004 and 2008. This is in direct contravention of the Act. FSCO will be reviewing this matter further.

FSCO does recognize that there were slight differences in target populations from which the samples were drawn and it will take this into consideration in its planning process.

Only 50 per cent of the agents indicated that a compliance review of their life insurance sales files had been conducted. For the other 50 per cent, a compliance review had not been done, to their knowledge. Almost two-thirds of the agents in the sample identified with the independent or MGA distribution channels. These agents may not be subject to the same level of supervision as career/captive agents who work exclusively for the insurance companies whose products

they sell. While increasing the frequency of compliance audits may serve to improve overall compliance and best practices, it is first and foremost an issue for the industry to address, over and above the requirements under Ontario Regulation 347/04 for insurers to establish and maintain systems designed to ensure that each agent complies with the law.

The results from the survey will provide valuable information to both FSCO and the life insurance industry in assessing and improving practices on product suitability at the point of sale. FSCO encourages industry associations and individual agents to benchmark themselves against the aggregate results in this report. This would allow agents to evaluate their own practices and to identify areas for improvement, and associations to assess areas where additional guidance or support is required.

The review found that most agents have sufficient guidelines for their sales practice activities to ensure compliance with regulatory requirements. However, it is the Superintendent's expectation that agents ensure that recommendations, analyses, and disclosures are documented in writing, and where appropriate written acknowledgements are obtained. Having proper documentation of discussions with clients would be very helpful, not only to FSCO but also for agents, particularly in addressing product suitability issues which are brought to FSCO's attention and complaints in general.

It is also the Superintendent's expectation that all agents will comply with the law and provide written disclosures of conflicts or potential conflicts of interest 100 per cent of the time. It is important for agents to note that although these practices specify minimum performance standards, they do not supersede regulatory requirements.

In its supervisory approach, FSCO supports the implementation of industry initiated market solutions as being preferable to regulatory intervention. If the solutions are reasonable, FSCO will rely on publicly available industry best practices and guidance in lieu of publishing directives from the Superintendent. In order to place such reliance on industry guidance over the long-term, FSCO must validate – through a variety of measures – that there is a high degree of compliance with this guidance. Where there are gaps between industry guidance or best practices and the law, FSCO will be required to take supervisory action or recommend changes in the law to the government, to better protect consumers.

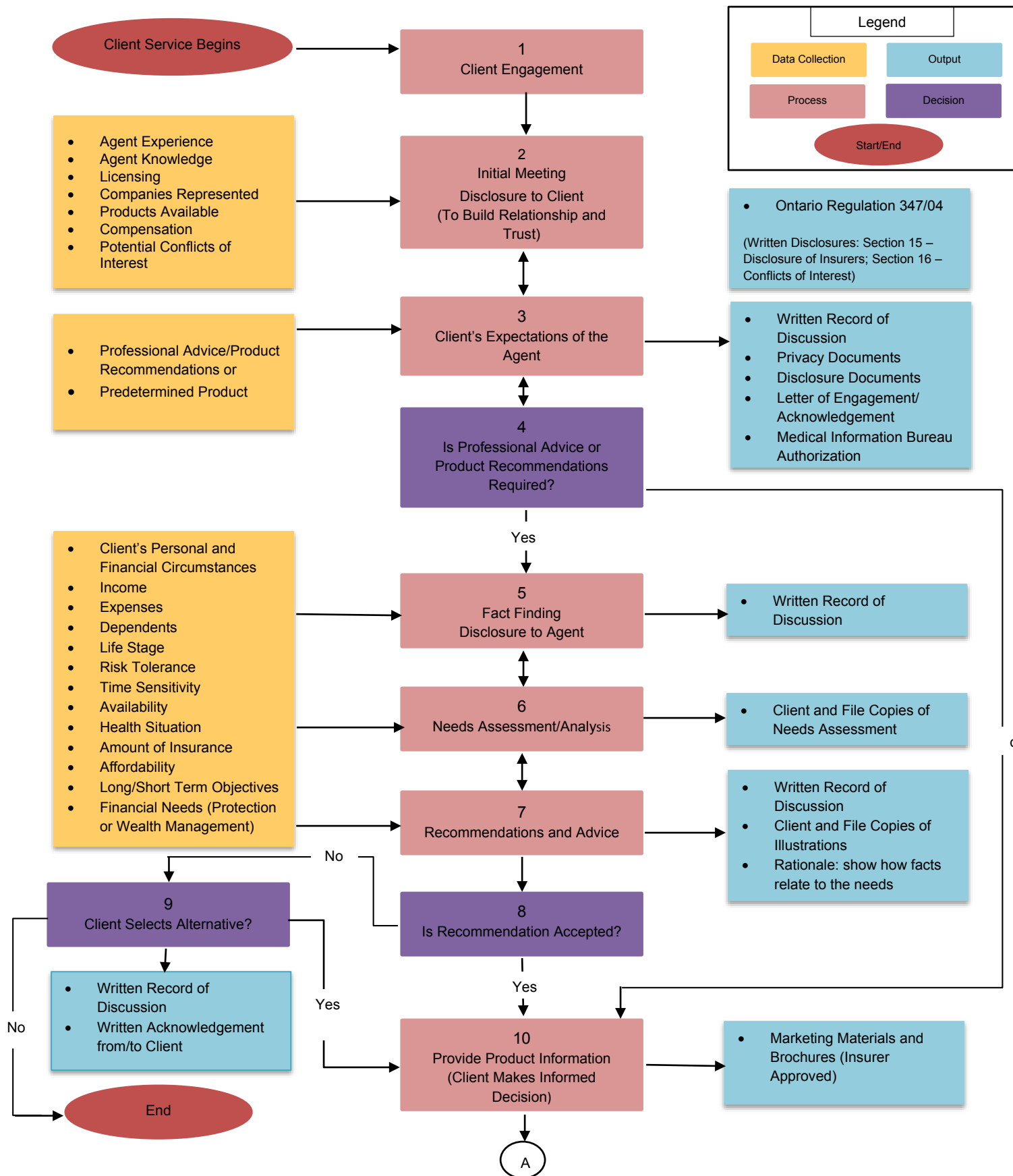
Since the review did not focus on the reasonableness of the product recommendations, FSCO cannot determine whether consumers are receiving sound advice. It appears, however, that most agents are following accepted methodology for developing product recommendations based on an assessment of client needs. The review also did not consider the underwriting process and the role that insurance companies have to ensure that the insurance applications make sense, both to avoid fraud and ensure products are suitable for applicants.

The results from this review will help FSCO determine the nature of work to undertake in the future.

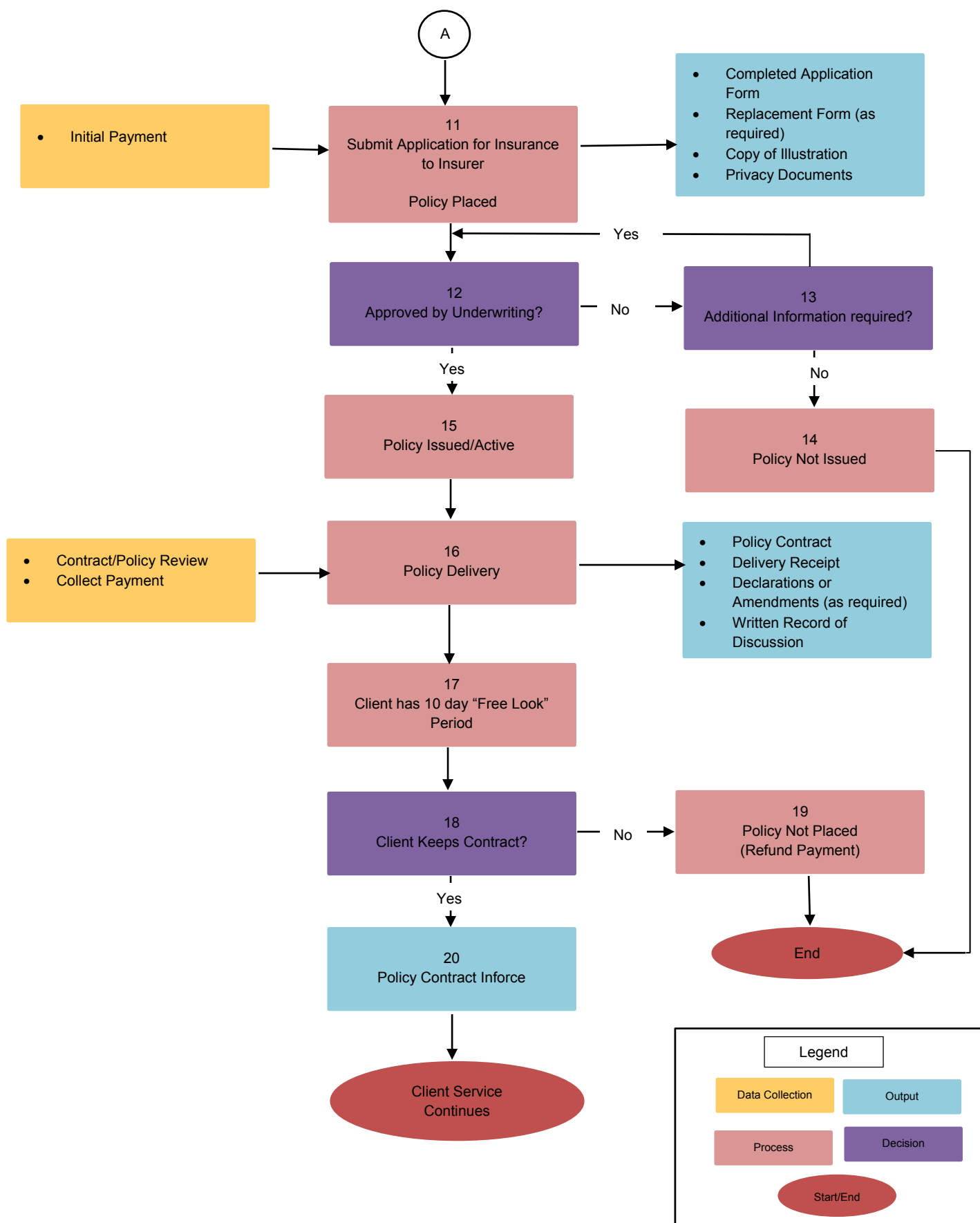
Appendix 1

Life Insurance Point of Sale Process – Flowchart

(The numbering in the flowchart is intended for reference purposes only and should not be regarded as a particular sequence.)



Life Insurance Point of Sale Process – Flowchart - continued



Appendix 2

2013 Life Insurance Agent Questionnaire Results

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|---|------------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 3. In addition to my life insurance licence, I hold the following licences in Ontario: | Accident and Sickness | 669 | 64.8% | 111 | 55.0% | 780 | 63.2% |
| | Property and Casualty | 122 | 11.8% | 16 | 7.9% | 138 | 11.2% |
| | Mutual Fund | 474 | 45.9% | 85 | 42.1% | 559 | 45.3% |
| | Securities | 141 | 13.7% | 35 | 17.3% | 176 | 14.3% |
| | Other (please specify) | 133 | 12.9% | 35 | 17.3% | 168 | 13.6% |
| | Total | 1032 | | 202 | | 1234 | |

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|---|---|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 4. I hold the following professional designations: | Fellow, Life Management Institute (FLMI) | 12 | 1.2% | 0 | 0.0% | 12 | 1.0% |
| | Chartered Life Underwriter (CLU) | 69 | 6.7% | 14 | 6.9% | 83 | 6.7% |
| | Chartered Financial Consultant (Ch.F.C) | 29 | 2.8% | 4 | 2.0% | 33 | 2.7% |
| | Registered Financial Planner (RFP) | 4 | 0.4% | 1 | 0.5% | 5 | 0.4% |
| | Registered Health Underwriter/Certified Health Insurance Specialist (RHU/CHS) | 38 | 3.7% | 9 | 4.5% | 47 | 3.8% |
| | Certified Financial Planner (CFP) | 170 | 16.5% | 30 | 14.9% | 200 | 16.2% |
| | None | 666 | 64.5% | 145 | 71.8% | 811 | 65.7% |
| | Other (please specify) | 204 | 19.8% | 35 | 17.3% | 239 | 19.4% |
| | Total | 1032 | | 202 | | 1234 | |

FSCO Life Insurance Product Suitability Review Report

2013 Life Insurance Agent Questionnaire Results - continued

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|---|--|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 5. I am actively prospecting or selling individual life insurance products. | Yes – I am currently active | 857 | 83.0% | 155 | 76.7% | 1012 | 82.0% |
| | No – I am currently retired or inactive. | 175 | 17.0% | 47 | 23.3% | 222 | 18.0% |
| | | 1032 | | 202 | | 1234 | |

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|--|------------------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 6. My primary distribution channel is best described as: | Career/Captive Agent | 237 | 27.7% | 42 | 27.1% | 279 | 27.6% |
| | Independent Agent | 410 | 47.8% | 83 | 53.5% | 493 | 48.7% |
| | Managing General Agent (MGA) | 125 | 14.6% | 22 | 14.2% | 147 | 14.5% |
| | National Account Agent | 78 | 9.1% | 7 | 4.5% | 85 | 8.4% |
| | Call Centre Agent | 7 | 0.8% | 1 | 0.6% | 8 | 0.8% |
| | Total | 857 | | 155 | | 1012 | |

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|---|------------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 7. Based on my overall number of individual life insurance policies sold for the past three years, my average annual compensation package is: | up to \$49,999 | 666 | 77.7% | 125 | 80.6% | 791 | 78.2% |
| | \$50,000 to \$99,999 | 122 | 14.2% | 15 | 9.7% | 137 | 13.5% |
| | \$100,000 to \$249,999 | 54 | 6.3% | 14 | 9.0% | 68 | 6.7% |
| | \$250,000 or above | 15 | 1.8% | 1 | 0.6% | 16 | 1.6% |
| | Total | 857 | | 155 | | 1012 | |

FSCO Life Insurance Product Suitability Review Report

2013 Life Insurance Agent Questionnaire Results - continued

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|--|--------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 8. Based on my overall number of individual life insurance policies sold for the past three years, the product line that accounts for the majority of my sales is: | Term Life | 536 | 62.5% | 89 | 57.4% | 625 | 61.8% |
| | Whole Life | 127 | 14.8% | 20 | 12.9% | 147 | 14.5% |
| | Universal Life | 125 | 14.6% | 25 | 16.1% | 150 | 14.8% |
| | Segregated Funds | 60 | 7.0% | 19 | 12.3% | 79 | 7.8% |
| | Annuities | 9 | 1.1% | 2 | 1.3% | 11 | 1.1% |
| | Total | 857 | | 155 | | 1012 | |

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|---|------------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 9. For the above, I would estimate that in 2012, the average face/investment value of each of these policies was: | up to \$249,999 | 445 | 51.9% | 93 | 60.0% | 538 | 53.2% |
| | \$250,000 to \$499,999 | 296 | 34.5% | 49 | 31.6% | 345 | 34.1% |
| | \$500,000 to \$999,999 | 90 | 10.5% | 11 | 7.1% | 101 | 10.0% |
| | \$1,000,000 or above | 26 | 3.0% | 2 | 1.3% | 28 | 2.8% |
| | Total | 857 | | 155 | | 1012 | |

FSCO Life Insurance Product Suitability Review Report

2013 Life Insurance Agent Questionnaire Results - continued

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|--|-------------------------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 10. The last compliance review of my life insurance sales files was done: | less than one year ago | 256 | 29.9% | 55 | 35.5% | 311 | 30.7% |
| | One to two years ago | 99 | 11.6% | 20 | 12.9% | 119 | 11.8% |
| | Two to three years ago | 30 | 3.5% | 3 | 1.9% | 33 | 3.3% |
| | more than three years ago | 44 | 5.1% | 5 | 3.2% | 49 | 4.8% |
| | Never reviewed/ Not to my knowledge | 428 | 49.9% | 72 | 46.5% | 500 | 49.4% |
| | Total | 857 | | 155 | | 1012 | |

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|---|---|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 11. For the above, the compliance review was conducted by: | Insurer | 159 | 18.6% | 28 | 18.1% | 187 | 18.5% |
| | Managing General Agency (MGA) | 119 | 13.9% | 31 | 20.0% | 150 | 14.8% |
| | Not Applicable (select only if answer to Q. 10 was "never reviewed/not to my knowledge"). | 433 | 50.5% | 68 | 43.9% | 501 | 49.5% |
| | Other | 146 | 17.0% | 28 | 18.1% | 174 | 17.2% |
| | Total | 857 | | 155 | | 1012 | |

FSCO Life Insurance Product Suitability Review Report

2013 Life Insurance Agent Questionnaire Results - continued

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|--|--------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 12. I obtain information from my clients to determine the nature of the services that I am to provide (e.g. my clients want to purchase pre-determined products or my clients want professional advice and/or product recommendations) | Always | 737 | 86.0% | 135 | 87.1% | 872 | 86.2% |
| | Most of the time | 86 | 10.0% | 12 | 7.7% | 98 | 9.7% |
| | Sometimes | 26 | 3.0% | 3 | 1.9% | 29 | 2.9% |
| | Rarely | 3 | 0.4% | 4 | 2.6% | 7 | 0.7% |
| | Never | 3 | 0.4% | 0 | 0.0% | 3 | 0.3% |
| | Future | 2 | 0.2% | 1 | 0.6% | 3 | 0.3% |
| | Total | 857 | | 155 | | 1012 | |

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|--|--------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 13. For the above, I confirm with my client, the services that I am to provide, e.g. I provide a letter of engagement. | In Writing | 328 | 38.3% | 72 | 46.5% | 400 | 39.5% |
| | Verbally | 487 | 56.8% | 79 | 51.0% | 566 | 55.9% |
| | Not at all | 42 | 4.9% | 4 | 2.6% | 46 | 4.5% |
| | Total | 857 | | 155 | | 1012 | |

FSCO Life Insurance Product Suitability Review Report

2013 Life Insurance Agent Questionnaire Results - continued

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|---|--------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 14. I gather as many relevant facts as the client is willing to provide to assess his or her financial situation and personal circumstances including, ability to pay, objectives, comfort with risk, knowledge, needs and current financial products. | Always | 766 | 89.4% | 147 | 94.8% | 913 | 90.2% |
| | Most of the time | 71 | 8.3% | 5 | 3.2% | 76 | 7.5% |
| | Sometimes | 13 | 1.5% | 1 | 0.6% | 14 | 1.4% |
| | Rarely | 2 | 0.2% | 1 | 0.6% | 3 | 0.3% |
| | Never | 2 | 0.2% | 0 | 0.0% | 2 | 0.2% |
| | Future | 3 | 0.4% | 1 | 0.6% | 4 | 0.4% |
| | Total | 857 | | 155 | | 1012 | |

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|--|--------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 15. For the above, I gather this information from my clients. | In Writing | 475 | 55.4% | 109 | 70.3% | 584 | 57.7% |
| | Verbally | 379 | 44.2% | 46 | 29.7% | 425 | 42.0% |
| | Not at all | 3 | 0.4% | 0 | 0.0% | 3 | 0.3% |
| | Total | 857 | | 155 | | 1012 | |

FSCO Life Insurance Product Suitability Review Report

2013 Life Insurance Agent Questionnaire Results - continued

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|--|--------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 16. Based on the facts provided by the client, I complete a needs assessment. | Always | 509 | 59.4% | 114 | 73.5% | 623 | 61.6% |
| | Most of the time | 252 | 29.4% | 29 | 18.7% | 281 | 27.8% |
| | Sometimes | 69 | 8.1% | 7 | 4.5% | 76 | 7.5% |
| | Rarely | 12 | 1.4% | 0 | 0.0% | 12 | 1.2% |
| | Never | 5 | 0.6% | 3 | 1.9% | 8 | 0.8% |
| | Future | 10 | 1.2% | 2 | 1.3% | 12 | 1.2% |
| | Total | 857 | | 155 | | 1012 | |

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|--|--------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 17. For the above, the format of the needs assessment is: | In Writing | 615 | 71.8% | 122 | 78.7% | 737 | 72.8% |
| | Verbally | 231 | 27.0% | 30 | 19.4% | 261 | 25.8% |
| | Not at all | 11 | 1.3% | 3 | 1.9% | 14 | 1.4% |
| | Total | 857 | | 155 | | 1012 | |

FSCO Life Insurance Product Suitability Review Report

2013 Life Insurance Agent Questionnaire Results - continued

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|--|--------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 18. If format of the needs assessment is in writing, I provide a copy to my clients. | Always | 398 | 46.4% | 90 | 58.1% | 488 | 48.2% |
| | Most of the time | 140 | 16.3% | 25 | 16.1% | 165 | 16.3% |
| | Sometimes | 116 | 13.5% | 15 | 9.7% | 131 | 12.9% |
| | Rarely | 26 | 3.0% | 5 | 3.2% | 31 | 3.1% |
| | Never | 19 | 2.2% | 0 | 0.0% | 19 | 1.9% |
| | Future | 20 | 2.3% | 4 | 2.6% | 24 | 2.4% |
| | Not Applicable | 138 | 16.1% | 16 | 10.3% | 154 | 15.2% |
| | Total | 857 | | 155 | | 1012 | |

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|--|--------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 19. I use formal needs assessment tools to determine whether a product is suitable for my clients. | Always | 410 | 47.8% | 98 | 63.2% | 508 | 50.2% |
| | Most of the time | 221 | 25.8% | 30 | 19.4% | 251 | 24.8% |
| | Sometimes | 125 | 14.6% | 16 | 10.3% | 141 | 13.9% |
| | Rarely | 47 | 5.5% | 7 | 4.5% | 54 | 5.3% |
| | Never | 23 | 2.7% | 3 | 1.9% | 26 | 2.6% |
| | Future | 31 | 3.6% | 1 | 0.6% | 32 | 3.2% |
| | Total | 857 | | 155 | | 1012 | |

FSCO Life Insurance Product Suitability Review Report

2013 Life Insurance Agent Questionnaire Results - continued

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|---|--------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 20. I conduct a product search from the range of products offered by the company or companies that I represent. | Always | 697 | 81.3% | 125 | 80.6% | 822 | 81.2% |
| | Most of the time | 105 | 12.3% | 21 | 13.5% | 126 | 12.5% |
| | Sometimes | 31 | 3.6% | 6 | 3.9% | 37 | 3.7% |
| | Rarely | 13 | 1.5% | 0 | 0.0% | 13 | 1.3% |
| | Never | 6 | 0.7% | 3 | 1.9% | 9 | 0.9% |
| | Future | 5 | 0.6% | 0 | 0.0% | 5 | 0.5% |
| | Total | 857 | | 155 | | 1012 | |

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|--|--------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 21. For the above, I provide the product search results to my clients. | In Writing | 468 | 54.6% | 94 | 60.6% | 562 | 55.5% |
| | Verbally | 348 | 40.6% | 57 | 36.8% | 405 | 40.0% |
| | Not at all | 41 | 4.8% | 4 | 2.6% | 45 | 4.4% |
| | Total | 857 | | 155 | | 1012 | |

FSCO Life Insurance Product Suitability Review Report

2013 Life Insurance Agent Questionnaire Results - continued

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|---|--------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 22. I develop recommendations for products or services based on the needs identified and considering the client's financial resources, situation and personal circumstances. | Always | 764 | 89.1% | 142 | 91.6% | 906 | 89.5% |
| | Most of the time | 74 | 8.6% | 9 | 5.8% | 83 | 8.2% |
| | Sometimes | 6 | 0.7% | 3 | 1.9% | 9 | 0.9% |
| | Rarely | 2 | 0.2% | 0 | 0.0% | 2 | 0.2% |
| | Never | 6 | 0.7% | 1 | 0.6% | 7 | 0.7% |
| | Future | 5 | 0.6% | 0 | 0.0% | 5 | 0.5% |
| | Total | 857 | | 155 | | 1012 | |

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|---|--------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 23. I maintain records that show the reasons for the recommendations made or the advice given, considering the nature of the needs assessed. | Always | 518 | 60.4% | 111 | 71.6% | 629 | 62.2% |
| | Most of the time | 193 | 22.5% | 24 | 15.5% | 217 | 21.4% |
| | Sometimes | 71 | 8.3% | 11 | 7.1% | 82 | 8.1% |
| | Rarely | 26 | 3.0% | 3 | 1.9% | 29 | 2.9% |
| | Never | 21 | 2.5% | 2 | 1.3% | 23 | 2.3% |
| | Future | 28 | 3.3% | 4 | 2.6% | 32 | 3.2% |
| | Total | 857 | | 155 | | 1012 | |

FSCO Life Insurance Product Suitability Review Report

2013 Life Insurance Agent Questionnaire Results - continued

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|--|--------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 24. I explain the recommendations and discuss alternatives (such as lower cost products, reduced coverage or priority needs to be addressed first) if the client cannot afford the recommended products. | Always | 777 | 90.7% | 143 | 92.3% | 920 | 90.9% |
| | Most of the time | 66 | 7.7% | 8 | 5.2% | 74 | 7.3% |
| | Sometimes | 7 | 0.8% | 2 | 1.3% | 9 | 0.9% |
| | Rarely | 2 | 0.2% | 0 | 0.0% | 2 | 0.2% |
| | Never | 2 | 0.2% | 1 | 0.6% | 3 | 0.3% |
| | Future | 3 | 0.4% | 1 | 0.6% | 4 | 0.4% |
| | Total | 857 | | 155 | | 1012 | |

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|---|--------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 25. For the above, I provide the recommendations to my clients. | In Writing | 453 | 52.9% | 89 | 57.4% | 542 | 53.6% |
| | Verbally | 400 | 46.7% | 65 | 41.9% | 465 | 45.9% |
| | Not at all | 4 | 0.5% | 1 | 0.6% | 5 | 0.5% |
| | Total | 857 | | 155 | | 1012 | |

FSCO Life Insurance Product Suitability Review Report

2013 Life Insurance Agent Questionnaire Results - continued

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|---|--------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 26. If the recommendations are made in writing, I provide a copy of my recommendations and advice to my clients. | Always | 445 | 51.9% | 85 | 54.8% | 530 | 52.4% |
| | Most of the time | 156 | 18.2% | 24 | 15.5% | 180 | 17.8% |
| | Sometimes | 40 | 4.7% | 5 | 3.2% | 45 | 4.4% |
| | Rarely | 14 | 1.6% | 2 | 1.3% | 16 | 1.6% |
| | Never | 6 | 0.7% | 2 | 1.3% | 8 | 0.8% |
| | Future | 16 | 1.9% | 3 | 1.9% | 19 | 1.9% |
| | Not Applicable | 180 | 21.0% | 34 | 21.9% | 214 | 21.1% |
| | Total | 857 | | 155 | | 1012 | |

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|---|--------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 27. I provide my client with information about the products and services that I recommend. | Always | 735 | 85.8% | 138 | 89.0% | 873 | 86.3% |
| | Most of the time | 94 | 11.0% | 14 | 9.0% | 108 | 10.7% |
| | Sometimes | 18 | 2.1% | 2 | 1.3% | 20 | 2.0% |
| | Rarely | 4 | 0.5% | 1 | 0.6% | 5 | 0.5% |
| | Never | 1 | 0.1% | 0 | 0.0% | 1 | 0.1% |
| | Future | 5 | 0.6% | 0 | 0.0% | 5 | 0.5% |
| | Total | 857 | | 155 | | 1012 | |

FSCO Life Insurance Product Suitability Review Report

2013 Life Insurance Agent Questionnaire Results - continued

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|---|--------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 28. For the above, I provide insurer-approved marketing materials to my clients. | Always | 565 | 65.9% | 107 | 69.0% | 672 | 66.4% |
| | Most of the time | 151 | 17.6% | 27 | 17.4% | 178 | 17.6% |
| | Sometimes | 103 | 12.0% | 13 | 8.4% | 116 | 11.5% |
| | Rarely | 18 | 2.1% | 5 | 3.2% | 23 | 2.3% |
| | Never | 11 | 1.3% | 2 | 1.3% | 13 | 1.3% |
| | Future | 9 | 1.1% | 1 | 0.6% | 10 | 1.0% |
| | Total | 857 | | 155 | | 1012 | |

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|---|--------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 29. I provide my clients with an opportunity to consider my recommendations and advice and to ask questions. | Always | 833 | 97.2% | 152 | 98.1% | 985 | 97.3% |
| | Most of the time | 18 | 2.1% | 3 | 1.9% | 21 | 2.1% |
| | Sometimes | 1 | 0.1% | 0 | 0.0% | 1 | 0.1% |
| | Rarely | 1 | 0.1% | 0 | 0.0% | 1 | 0.1% |
| | Never | 1 | 0.1% | 0 | 0.0% | 1 | 0.1% |
| | Future | 3 | 0.4% | 0 | 0.0% | 3 | 0.3% |
| | Total | 857 | | 155 | | 1012 | |

FSCO Life Insurance Product Suitability Review Report

2013 Life Insurance Agent Questionnaire Results - continued

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|---|--------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 30. If my clients do not follow my advice when purchasing products, I obtain a written acknowledgement from the client. | Always | 195 | 22.8% | 49 | 31.6% | 244 | 24.1% |
| | Most of the time | 120 | 14.0% | 19 | 12.3% | 139 | 13.7% |
| | Sometimes | 138 | 16.1% | 26 | 16.8% | 164 | 16.2% |
| | Rarely | 147 | 17.2% | 24 | 15.5% | 171 | 16.9% |
| | Never | 175 | 20.4% | 27 | 17.4% | 202 | 20.0% |
| | Future | 82 | 9.6% | 10 | 6.5% | 92 | 9.1% |
| | Total | 857 | | 155 | | 1012 | |

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|---|--------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 31. I disclose to my clients the methods of compensation associated with a product sale, including any compensation that I may become eligible to receive (i.e. salary, commissions, bonuses, travel incentives, contingent commissions, fee only business) | Always | 540 | 63.0% | 96 | 61.9% | 636 | 62.8% |
| | Most of the time | 108 | 12.6% | 21 | 13.5% | 129 | 12.7% |
| | Sometimes | 104 | 12.1% | 22 | 14.2% | 126 | 12.5% |
| | Rarely | 39 | 4.6% | 8 | 5.2% | 47 | 4.6% |
| | Never | 59 | 6.9% | 8 | 5.2% | 67 | 6.6% |
| | Future | 7 | 0.8% | 0 | 0.0% | 7 | 0.7% |
| | Total | 857 | | 155 | | 1012 | |

FSCO Life Insurance Product Suitability Review Report

2013 Life Insurance Agent Questionnaire Results - continued

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|---|--------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 32. For the above, I disclose this information to my clients. | In Writing | 379 | 44.2% | 56 | 36.1% | 435 | 43.0% |
| | Verbally | 406 | 47.4% | 89 | 57.4% | 495 | 48.9% |
| | Not at all | 72 | 8.4% | 10 | 6.5% | 82 | 8.1% |
| | Total | 857 | | 155 | | 1012 | |

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|---|--------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 33. I disclose to my clients any potential or actual conflicts of interest. | Always | 771 | 90.0% | 133 | 85.8% | 904 | 89.3% |
| | Most of the time | 30 | 3.5% | 6 | 3.9% | 36 | 3.6% |
| | Sometimes | 19 | 2.2% | 4 | 2.6% | 23 | 2.3% |
| | Rarely | 6 | 0.7% | 2 | 1.3% | 8 | 0.8% |
| | Never | 19 | 2.2% | 6 | 3.9% | 25 | 2.5% |
| | Future | 12 | 1.4% | 4 | 2.6% | 16 | 1.6% |
| | Total | 857 | | 155 | | 1012 | |

FSCO Life Insurance Product Suitability Review Report

2013 Life Insurance Agent Questionnaire Results - continued

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|---|--------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 34. For the above, I disclose this information to my clients. | In Writing | 435 | 50.8% | 56 | 36.1% | 491 | 48.5% |
| | Verbally | 395 | 46.1% | 91 | 58.7% | 486 | 48.0% |
| | Not at all | 27 | 3.2% | 8 | 5.2% | 35 | 3.5% |
| | Total | 857 | | 155 | | 1012 | |

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|---|--------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 35. I assess my clients' level of financial literacy. | Always | 699 | 81.6% | 138 | 89.0% | 837 | 82.7% |
| | Most of the time | 115 | 13.4% | 12 | 7.7% | 127 | 12.5% |
| | Sometimes | 25 | 2.9% | 3 | 1.9% | 28 | 2.8% |
| | Rarely | 9 | 1.1% | 1 | 0.6% | 10 | 1.0% |
| | Never | 5 | 0.6% | 1 | 0.6% | 6 | 0.6% |
| | Future | 4 | 0.5% | 0 | 0.0% | 4 | 0.4% |
| | Total | 857 | | 155 | | 1012 | |

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|--|--------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 36. My role includes educating my clients about financial products in general. | yes | 795 | 92.8% | 143 | 92.3% | 938 | 92.7% |
| | no | 62 | 7.2% | 12 | 7.7% | 74 | 7.3% |
| | Total | 857 | | 155 | | 1012 | |

FSCO Life Insurance Product Suitability Review Report

2013 Life Insurance Agent Questionnaire Results - continued

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|--|--------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 37. My role is to educate clients on life insurance products in general. | yes | 834 | 97.3% | 149 | 96.1% | 983 | 97.1% |
| | no | 23 | 2.7% | 6 | 3.9% | 29 | 2.9% |
| | | 857 | | 155 | | 1012 | |

| Question | Possible Responses | Initial Responses | | Additional Responses | | Total Responses | |
|--|--------------------|-------------------|-------|----------------------|-------|-----------------|-------|
| | | No. | % | No. | % | No. | % |
| 38. My role is to educate my clients only on the products I recommend. | yes | 416 | 48.5% | 80 | 51.6% | 496 | 49.0% |
| | no | 441 | 51.5% | 75 | 48.4% | 516 | 51.0% |
| | Total | 857 | | 155 | | 1012 | |