

## *Code of Ethics for Life Insurance Agents in Ontario*

This Code of Ethics sets out standards of conduct for life insurance agents. It is part of the Government's initiative known as Life Agent Reform. In the near future, the Ontario Insurance Commission intends to ask the Government to consider making this Code into a regulation under the *Insurance Act*. The Code is not binding until it is a regulation.

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I. An agent who holds a life insurance licence shall not contravene or fail to comply with the following Code of Ethics in respect of the sale or service of life insurance.

### **DUTY OF CARE**

1. Make a diligent and businesslike effort to learn the information about a client that is pertinent to his or her insurance needs, including information about the client's objectives and financial circumstances.
2. Put the interests of a client ahead of the agent's own direct or indirect interests.
3. Provide a quality of service at least equal to that which is generally expected of a competent agent in a like situation.

### **CONFIDENTIALITY**

4. Use best efforts to obtain sensitive information about a person directly from the person.
5. Advise a client that the agent has solicited information about the client from another source, if this is the case.
6. Advise a client as to the purposes for which personal information is being or was collected and any changes in such purposes.
7. Protect personal information with security safeguards appropriate to the sensitivity of the information.

8. Only disclose information about a client, an insured or a person whose life is to be or is insured,
  - (i) to an insurer on an application for insurance, or
  - (ii) when authorized by the person to whom the information relates.
9. Advise a client that,
  - (i) information that the client authorizes to be released to a central information bureau may be stored by the bureau and accessed by another insurer with the client's subsequent authorization, and
  - (ii) authorizing an insurer to collect information about the client from other sources may affect the underwriting decision by the insurer.
10. On the request of a client, assist the client in obtaining information as to the possession, use or disclosure of personal information about the client by a central information bureau or an insurer and advise the client how to obtain access to this information.

## **DISCLOSURE**

11. Provide to an individual, before giving advice about life insurance or about life insurance and other financial products or services, information in writing about the agent's affiliations and qualifications, including,
  - (i) the fact that the agent is a licensed life insurance agent,
  - (ii) the names of all the life insurers with which the agent has a contract to act as an agent and the names of the life insurers with which he or she does a substantial proportion of his or her business,
  - (iii) any other financial services licences that the agent holds and, in respect of those licences, the names of all the financial services companies that the agent represents, and
  - (iv) the fact that the agent receives financial compensation for selling life insurance or other financial products.
12. Disclose to a prospective buyer of life insurance any fees, expenses or other amounts

that may be charged in addition to the cost of the insurance policy.

13. Present accurately, honestly, completely and in plain language all facts reasonably available to the agent that are necessary to enable a client to make an informed decision about his or her insurance needs.
14. Advise a client that all information provided to an insurer must be accurate and complete and that failure to provide accurate and complete information could invalidate a policy.
15. Provide full and fair disclosure to a client in the form of a brief written statement in plain language signed by the agent setting out the major features, benefits and investment risks, if any, of an insurance policy being considered and obtain the client's signature on the written statement when he or she signs an application for insurance.
16. Inform an insured, at the time a contract of insurance is delivered, of any significant differences between the policy applied for and the policy issued by the insurer.

### **CONFLICTS OF INTEREST**

17. Disclose to a prospective buyer of life insurance all conflicts of interest or potential conflicts of interest associated with a transaction or recommendation.

<p><b>II.</b> An agent who holds a life insurance licence shall not engage in the following activities:</p>
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1. Holding out, directly or indirectly, by representation or omission, in a way that is misleading about the life insurance services that the agent can provide.
2. Misrepresenting his or her training, qualifications or skills.
3. Making any false or misleading statement or representation in the course of selling or servicing an insurance policy.
4. Using methods of solicitation or advertising that are misleading as to the terms, benefits or investment risks, if any, of any insurance policy.
5. Inducing or attempting to induce, directly or indirectly, a client to replace any contract of insurance unless, having regard to the specific circumstances of the Client, the replacement is in the best interests of the client.
6. Engaging in the indiscriminate replacement of life insurance contracts or adopting as a sales strategy any plan involving the indiscriminate replacement of life insurance contracts.

7. Using coercion or undue influence in order to control, direct or secure insurance business.
8. Taking advantage of a client if the agent knows or ought to know that the client is unable to understand the character, nature, language or effect of the transaction or proposed transaction.
9. Using unfair or deceptive means to collect personal information.
10. Submitting information on behalf of a client on an application for insurance Knowing that the applicant or a person whose life is to be insured has misrepresented or failed to provide to the insurer information that is requested by the insurer.
11. Failing to deliver to an insured in a timely manner an insurance policy and any related documents received from an insurer subject to any conditions specified by the insurer.
11. Charging a prospective buyer of life insurance or an insured any fee, charge or other amount, in addition to the premium, that is unfair or unreasonable.