

Insurance Agents e-Newsletter

e-Newsletter

December 30, 2010
Issue 1

Inside this issue:

- [New Key Facts and Fund Facts Documents and New Rescission Right](#)

The Insurance Agents e-Newsletter provides updates to insurance agents on the regulatory activities of the Financial Services Commission of Ontario (FSCO).

The newsletter is produced and distributed by FSCO. For more information, visit FSCO's website at www.fSCO.gov.on.ca.

Welcome to the inaugural issue of the Insurance Agents e-Newsletter!

FSCO is launching this e-newsletter to provide information and updates to Ontario's insurance agents.

This e-newsletter is one more part of our ongoing efforts to maintain open channels of communication with the insurance industry. As part of this effort, we also participate in several industry events - you may have met FSCO staff at trade shows and conferences.

Through Licensing Link, FSCO's online system for insurance agent licensing transactions, we now have a database of e-mail addresses of insurance agents. This enables us to provide you information without the cost of mailings.

We expect to send the Insurance Agents e-Newsletter three or four times per year - when there is important new information that affects you as an insurance agent.

Your comments or questions are welcome. E-mail is the best way to contact us. Please send your feedback to: elicense@fSCO.gov.on.ca

New Fund Facts and Key Facts documents make it easier for consumers to understand IVICs and segregated funds

The new Fund Facts and Key Facts disclosure documents will make it easier for consumers to understand and make informed investment decisions concerning individual variable insurance contracts (IVICs) and segregated funds. Fund Facts, which highlights the most important information about an investment fund, and Key Facts which describes key information about the IVIC, are being implemented January 1, 2011.

The goal of Fund Facts and Key Facts is to provide consumers with meaningful information when they need it most - before they make the decision to invest. The new documents help provide consumers with an understanding of the potential benefits, risks and costs of investing in a fund. When consumers have a better understanding of what they are purchasing - everyone benefits.

New Fund Facts and Key Facts documents make it easier for consumers to understand IVICs and segregated funds (continued)

The new disclosure documents use simple jargon-free language. All Fund Facts are designed in a standard format, making them easily comparable. A consumer can line up several Fund Facts documents beside each other and compare the features of the funds. Since all insurers will be using the same Fund Facts format, consumers will be able to easily compare funds offered by several insurers. In the past, consumers often had to look through long and complex documents to find information. Research indicated that many consumers didn't use the previous disclosure documents when making their investment decisions.

Key Facts replaces the Executive Summary of the information folder. Fund Facts is now part of the information folder. Ensure that you provide consumers with the new information folder developed under the new rules and not the old versions which no longer comply with the law. You are also required to explain the contents of the information folder to the consumer. Be sure to indicate which Fund Facts pages correspond to the investments they are considering. Encourage your clients to look at and use Fund Facts and Key Facts.

The other delivery requirements for the information folder are unchanged. Provide it to the consumer prior to taking an application for an IVIC and obtain the client's acknowledgement of receipt in writing, electronic or recorded oral form.

Consumers may still choose to receive the information folder physically in person, by mail or by fax. Or they may choose to receive the information folder electronically, via e-mail or by viewing the folder online. If the information folder is delivered electronically, the consumer must be specifically directed or linked to it. Merely informing a consumer that it's available online without providing an active link via e-mail does not fulfil this requirement.

Consumers also have a new "cooling off" period that allows them to change their mind and rescind, within two business days of receipt of the confirmation, the purchase of an IVIC and/or segregated fund selection made under the IVIC. Ensure your clients are aware of this new right.

Please note that if you also sell mutual funds, these changes apply only to IVICs and segregated funds.

This newsletter is e-mailed to all licensed insurance agents in Ontario. If you aren't getting this newsletter, please update your e-mail address in [Licensing Link](#).

A subscription to this newsletter will be available on FSCO's website in January: www.fSCO.gov.on.ca

Contact Us



Financial Services
Commission
of Ontario

Licensing and Market Conduct Division
Financial Services Commission of Ontario
5160 Yonge Street, Box 85
Toronto, Ontario
M2N 6L9

Telephone: (416) 250-7250
Toll-free: 1-800-668-0128
TTY (416) 590-7108, 1-800-387-0584
contactcentre@fSCO.gov.on.ca
www.fSCO.gov.on.ca