

Insurance Agents e-Newsletter

e-Newsletter

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Issue 3

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

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New Rules for Selling Funeral Insurance

The Ontario government is implementing new rules on the marketing of funeral products and services.

These new rules will impact life insurance agents because the rules deal with the marketing of funeral insurance (life insurance used primarily to fund funeral expenses) by agents licensed under the Insurance Act.

On July 1, 2012, amendments to Ontario Regulation 347/04 will come into effect. The amended regulation prohibits life insurance agents from contacting a person, by telephone or in person, to sell funeral insurance unless the person asked the agent to contact him or her for that purpose.

Life insurance agents are also prohibited from contacting by **any means** any person who is in a hospital, long-term care home or hospice to sell funeral insurance unless the person asked the agent to contact him or her for that purpose.

Life insurance agents will also be required to inform prospective purchasers in writing that purchasing funeral insurance is not the purchase of funeral services.

The changes to Ontario Regulation 347/04 parallel new rules for funeral industry licensees. Licensees under the Funeral, Burial and Cremation Services Act, 2002, are prohibited from contacting by any means a person in a hospital, long-term care home or hospice to sell funeral services unless the person asked the licensee to contact him or her for that purpose.

Council Releases Position Paper on MGAs Distribution Channel in Life Insurance Industry

The Canadian Council of Insurance Regulators (CCIR) is a forum for Canadian insurance regulators to collaborate to improve insurance regulation to serve the public interest.

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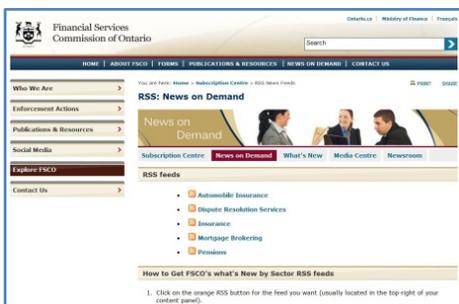
The current licensing and regulatory regime was developed at a time when the career agency distribution model predominated. Given the presence of new organizations in the distribution channel, such as MGAs and AGAs, the CCIR is concerned that the current regime may not be adequate to identify and address risks to consumers. CCIR established the Agency Regulatory Committee (ARC) to review legislative and regulatory issues that may be arising from the activities of MGAs.

In May, CCIR released of a position paper entitled *The Managing General Agencies (MGAs) Distribution Channel in the Life Insurance Industry* for a 60 day consultation period. This is the second paper from the Agencies Regulation Committee (ARC).

The objective of the position paper is to communicate the issues and findings from the consultation on the first paper and ARC's recommendations to CCIR members. These recommendations are intended to enhance and harmonize best practices in the MGA distribution channel.

The paper is available on the CCIR website (www.ccir-ccrra.org). CCIR encourages all interested parties to review and comment on the paper by June 30, 2012.

Electronic submissions are preferred. Please note that CCIR intends to post all submissions received on the CCIR website. All submissions should be forwarded to the CCIR Secretariat e-mail: ccir-ccrra@fscso.gov.on.ca.



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