

EMPIRE LIFE INFORMATION CIRCULAR

DATE: December 15, 2014

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CATEGORY: INSURANCE/INVESTMENTS

TO: Managing General Agents, Associate General Agents, Advisors,
General Agents, Independent Financial Advisors and National Accounts

SUBJECT: **Advisor Disclosure Documents**

Background The focus on product suitability and other advisor compliance issues by provincial regulators continues to become more and more intense as public, media, and industry attention increases. A recent survey of advisors by the Financial Services Commission of Ontario (FSCO) was an example of this increased focus. FSCO surveyed advisors on their practices relating to product suitability and disclosure. One finding highlighted by FSCO was the lack of documented disclosure by advisors.

As you may recall, in 2006 the industry advised the provincial regulators that as a group we would put in place practices across the country that would ensure appropriate disclosure to clients. The regulators have allowed the industry to self-regulate in many areas of compliance, including disclosure. Failure to do so effectively as an industry may result in the regulators setting requirements on how and what needs to be disclosed to clients. Empire Life and all other Canadian Life and Health Insurance Association (CLHIA) member companies agree with the importance of full written disclosure to clients.

**Advisor
disclosure
document**

An advisor's disclosure document should address the following:

1. Companies that the advisor represents
2. Nature of the relationship with those companies
3. How the advisor is compensated
4. If the advisor may be eligible for additional compensation (cash or non-monetary, such as travel incentives) based on other factors (e.g. volume of business placed in a specific period of time)
5. Conflicts of interest
6. Consumer has the right to seek more information

Information on completing an appropriate disclosure document, suggestions for format, and necessary content can be found on the Empire Life advisor website at www.empire.ca. Click on "Support" and then "Compliance" and you will find the CLHIA document for your reference.

If you are licensed in Ontario, or if you are interested in the results of the recent advisor survey, you can find the report "Life Insurance Product Suitability Review" at www.fSCO.gov.on.ca.

Reference **Carol Anne Bracciodieta**, Director, Investment, Customer and Dealer Service.

