

**SUBMISSIONS TO THE
CANADIAN COUNCIL OF
INSURANCE REGULATORS
AND THE CANADIAN
INSURANCE SERVICES
REGULATORY ORGANIZATIONS
INDUSTRY PRACTICES REVIEW
COMMITTEE**

**Managing Conflicts of Interest:
A Consultation Paper on Enhancing
and Harmonizing Best Practices**

**SUBMITTED BY THE ONTARIO
BAR ASSOCIATION**

TABLE OF CONTENTS

Executive Summary Page 1

Concerns Page 1

Conclusion Page 2

EXECUTIVE SUMMARY

The Ontario Bar Association (hereinafter referred to as the "OBA") wishes to respond to the white paper entitled "Managing Conflicts of Interest: A Consultation Paper on Enhancing and Harmonizing Best Practices" dated February 2006.

The OBA general agrees with the three principles for regulators to consider in order to manage actual potential conflicts of interest associated with insurance advice or transactions:

1. Priority of client's interest;
1. Disclosure of conflict or potential conflict of interest;
1. Product suitability.

The OBA also supports the concept of the "progressive approach" which involves awaiting viable industry initiatives in attempting to resolve these issues in a manner which is in the best interests of the consumer.

CONCERNS

The difficulty in this case will be with respect to the issue of implementation.

The OBA is most concerned with those mass products for home, auto, life and health.

The OBA is concerned with the difficulty of an adequate and meaningful disclosure to the consumer of all the various actual or perceived conflicts which the intermediary may have in dealing with this particular consumer.

In addition to the usual written warnings or disclosures on, for example, Applications for Insurance, other approaches should be considered as follows:

1. Consumer Education

In particular we suggest a provision of a FSCO consumer web site to explain different types of insurance products and the nature of the roles of the various intermediaries including their actual or potential conflicts of interest. In the alternative, or possibly in addition, we would expect industry groups to provide adequate and directly- worded consumer education and consumer protection information to consumers regarding both products and the role of intermediaries.

1. Standardization of Product

We believe that regulated productions, such as automobile insurance, ought to be reviewed on a regular basis to ensure that standard features are current. For example, the third party liability minimum limits of \$200,000.00 have not been adjusted upwards since March 15, 1981. Furthermore, consideration ought to be given to pre-approval or, at least, standardization of various coverages in homeowners, disability, life and health policies.

CONCLUSION

We still believe it will be extremely difficult for any intermediary to adequately disclose to a consumer all of the ramifications of perceived or actual conflicts.

We believe that consumer education, both by the industry and by FSCO, is an essential necessity.

We are also of the opinion that ongoing regular reviews of regulated productions such as automobile insurance and standardization of various clauses in mass consumer products, such as home ownership, disability, life and health products, to ensure fairness and consistency, would also be important.

**RESPECTFULLY SUBMITTED BY BROWN & KORTE ON BEHALF OF THE
ONTARIO BAR ASSOCIATION.**