

# Financial Planners Standards Council

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Mr. Stephen Paglia  
Policy Manager (A)  
CCIR Secretariat  
5160 Yonge Street, Box 85  
17<sup>th</sup> Floor  
Toronto ON M2N 6L9

Dear Mr. Paglia:

## **Re: Relationships between Insurers and Sales Intermediaries Consultation Paper**

Thank you for the opportunity to provide comments on the Consultation Paper prepared by the Industry Practices Review Committee (the “Committee”).

Financial Planners Standards Council (“FPSC”) is a national, not-for-profit, professional certification and standard-setting body that confers the Certified Financial Planner (“CFP”) designation in Canada. Since FPSC’s creation 10 years ago, the number of CFP licensed Certified Financial Planner professionals in Canada has grown to approximately 16,000, some 8,500 of whom are licensed in one or more provincial jurisdictions for the sale of life insurance products. CFP professionals demonstrate their competence through the completion of one of several approved education programs, obtaining at least two years of work experience directly serving clients, passing a comprehensive six-hour examination, participating in ongoing continuing education, including submission to random audits, and making a commitment to adhere to a strict Code of Ethics as well as meeting the requirements of the new CFP Practice Standards.

As in any profession, putting the client’s interest first, declaring and avoiding any potential conflicts of interest and making full disclosure of facts pertinent to the relationship, such as method of compensation, business affiliations and financial interests, are all central tenets of the ethical standard that must be met by any financial intermediary. In fact, each of these tenets is already embodied within the general principles and component rules of the FPSC Code of Ethics to which every CFP professional must abide.

FPSC therefore supports the work of the Committee and agrees that appropriate action ought to be taken to protect consumers by ensuring that all licensed insurance sales representatives are required to meet an appropriately high standard of practice. The real issue for the Committee, however, is whether or not codifying these three specific ethical standards within provincial insurance regulations is the most appropriate and effective method of achieving the necessary level of consumer protection.

FPSC recently had the opportunity to participate in the Industry Liaison Group of the Joint Forum of Financial Market Regulators (the "Joint Forum") that both CCIR and CISRO played important roles in. As you are aware, the report of the Joint Forum was released in January 2005 and contained a statement of eight principles and practices that a consumer can expect in their dealings with any financial intermediary (not limited to insurance intermediaries). It seems prudent then, that the Committee's deliberations should not be limited to the three policy options outlined in the Consultation Paper but might also consider the whole of the principles and practices set out by the Joint Forum.

It is interesting also to note that the Joint Forum's preference was indicated in the report to be the development of a voluntary set of principles that all intermediaries would adopt. The Committee has now set out three policy options that call for legislative action in respect of insurance intermediaries.

Over the past 10 years, FPSC has demonstrated that improved service to, and protection of, consumers is achievable through setting and enforcing of high professional standards for financial planners. Ultimately, we believe that the adoption of professional standards throughout the financial services industry will result in better service to consumers and the resultant increase in consumer confidence in the industry as a whole. FPSC would be happy to share our own experience and expertise with the Committee in order to help achieve this common objective.

Yours truly,

A handwritten signature in black ink, appearing to read "Donald Johnston". The signature is fluid and cursive, with a large initial 'D' and 'J'.

Donald Johnston, FCA  
President  
FPSC