

YOUR OBLIGATIONS REGARDING YOUR CLIENT'S BEST INTEREST

In Spring 2006, the Canadian Council of Insurance Regulators (CCIR) and the Canadian Insurance Services Regulators' Organization (CISRO) endorsed three principles for managing conflicts of interest that might arise in the sale of life and health insurance products. These are:

1. The interests of the client must be placed ahead of those of the advisor;
2. Actual and potential conflicts of interest must be disclosed; and
3. The recommended product must be suitable to the needs of the client.

Assumption Life expects its brokers to respect these principles. We have developed this document to give you a clear understanding of the key elements of these principles.

1. The interests of the client must be placed ahead of those of the advisor

Assumption Life understands that an advisor has a financial interest each time he or she sells an Assumption Life product. However, we expect all advisors to adhere to best ethical practices by putting the client's best interests above his or her financial interests. Assumption Life expects all advisors to adhere to the [professional code of ethics](#) of Advocis.

2. Actual and potential conflicts of interest must be disclosed

The insurance industry has developed a reference document together with Advocis, the Canadian Association of Independent Life Brokerage Agencies and Independent Financial Brokers of Canada with the aim of developing sample advisor disclosures enabling them to comply with this principle.

Information generally included in this disclosure:

- The name of the companies represented.
- The nature of your relationship with those companies.
- Your method of compensation.
- Any additional compensation you receive, including bonuses and other benefits.
- Any conflict of interest.
- Notice to client that he or she may ask for more information.
- Other licenses you hold.

The client signature should be obtained on a written acknowledgement that you disclosed the information. Each advisor selling individual insurance or annuity products is responsible for developing his or her own form. However, you can access sample CLHIA forms by clicking [here](#).

Advisors who sell group life insurance, annuity or retirement products must adapt their disclosure depending on their situation. An example of a sample disclosure statement that has been adapted depending on the advisor's circumstances can be found [here](#).

3. The recommended product must be suitable to the needs of the client

As an advisor, you must see to it that clients receive clear information on the products that you propose. You must also ensure that the product meets the client's needs. This is why we recommend that you collect all of the client's pertinent information in order to be able to better guide him or her in their choice of product.

Product disclosure guidelines are developed to ensure that the clients have all the information required to make informed purchase decisions.

This includes disclosure of:

- The benefits offered by the product and its main features.
- Details about the required payments.
- Which features and benefits are guaranteed and which are not.
- All exclusions or limitations that apply.

For further information regarding your obligations, CLHIA has developed a series of pertinent questions in a reference document: [*The Approach: Serving the Client Through Needs-Based Sales Practices*](#). Please read it over carefully. You should follow the suggested practices in all dealings with your clients.

Principles for the Sale of Insurance - Newfoundland and Labrador

Newfoundland and Labrador requires insurance companies and brokers to deliver the **Principles for the Sale of Insurance: A Consumer Protection Document** to clients in that province.

This document must be delivered to the client upon delivery of the policy or at the point of sale.

You can obtain the document at this address: <http://www.releases.gov.nl.ca/releases/2007/gs/0125n05principles.html>.