

**Financial Services
Commission
of Ontario**

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**Commission des
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February 2, 2007

Re: Managing Conflicts of Interest

Protecting consumers is a key objective of the Financial Services Commission of Ontario (FSCO). To ensure consumers are protected, conflicts of interest between insurers, agents and brokers must be managed effectively.

Regulators, working with the industry, have agreed on three principles as best practices in managing actual or potential conflicts of interest. A letter from several associations is attached. The principles promote consumer confidence in the insurance industry by outlining best practices for managing these situations when they arise. We hope you will put them to good use.

The principles are:

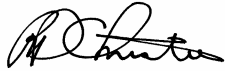
- Client's interests come first: Agents and brokers must put the interests of policyholders and purchasers ahead of their own;
- Make clear any conflicts or potential conflicts of interest: The law requires that consumers know about any actual or potential conflict of interest that may affect a transaction or recommendation; and
- Ensure products are the right fit: Products recommended must meet the needs of the consumer.

Several industry associations have prepared tools to help you apply these principles. For a list of online resources, go to www.ccir-ccra.org/CCIR/iprc.htm. This page will be updated as new resources become available, so visit it often.

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In 2007, FSCO plans to review the use of these principles by insurers, agents and brokers in the marketplace.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Christie". The signature is fluid and cursive, with a large initial "B" and "C".

Bob Christie
Superintendent of Financial Services
and Chief Executive Officer

Enclosure