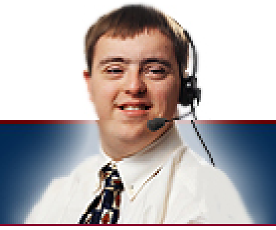

Property and Casualty - Auto Bulletins

Pension Bulletins

Monitoring and Enforcement Bulletins

Licensing Changes Bulletins

Bulletins by Sector

NOTE: The bulletins posted on this website are provided for historical reference. Information contained in the bulletins is accurate on the date published, but is subject to change and may have been superceded by a later bulletin. Users should verify the information before making decisions or acting upon it.

The bulletins posted may contain forms that are no longer current. For the current version of any FSCO form, please visit the forms area of this website.

Bulletin

No. LH-02/95

- Life & Health

Errors & Omissions Insurance: Requirements for Licensed Life Insurance Agents

To the attention of all insurance companies in the Province of Ontario licensed to transact life insurance

As follow up to our earlier bulletin, "Implementation plan for Life Agent Reform," dated March 16, 1995, we are providing additional information on Errors and Omissions insurance requirements for life insurance agents.

All life insurance agents must have *Errors and Omissions* (E&O) insurance as specified in Section 17 of Regulation 633 as amended by Regulation 760/94 under the *Insurance Act*. The E&O insurance is required for selling activities under a life insurance agent's licence and not for selling activities under other licences or registrations.

Levels of Insurance Coverage

Agents must carry E&O insurance with limits of at least $1 million to cover a single occurrence, and at least $2 million in the aggregate. In addition, a policy may have a deductible of no more than $1,000.

Fraudulent Acts - Extended Coverage

E&O insurance must include extended coverage for loss resulting from fraudulent acts. Extended coverage may be included directly in an E&O insurance policy contract, or in an endorsement to a contract.

Notice Deadline

To ensure initial compliance, life insurance agents are requested to provide evidence of holding E&O insurance to the Superintendent of Insurance by May 31, 1995.

Evidence of E&O insurance may be submitted to the Superintendent of Insurance by the agent, sponsoring insurer or the E&O insurer. Actual policy documents are not required to be submitted. However, the evidence of insurance must state that the E&O insurance policy includes extended coverage for loss resulting from fraudulent acts, either directly in, or through an endorsement to, the contract. The evidence could take the form of a certificate or listing of agents covered by a contract.

The Superintendent of Insurance must be advised of any cancellation or non-renewal of E&O insurance thirty days before coverage expires. If before this date, the cancelled or non-renewed insurance is replaced by a new E&O insurance policy, notice is not required.

Evidence of E&O insurance must be sent to the Superintendent of Insurance, Ontario, care of:

Ontario Insurance Commission

Office of the Superintendent of Insurance

Agents and Adjusters Branch

5160 Yonge Street, 16th Floor

North York, ON M2N 6L9

Availability of Errors and Omission Insurance

The following associations, insurers and brokers have stated their intent to offer E&O insurance to life insurance agents. This list is not exhaustive.

Associations

- Life Underwriters Association of Canada - LUAC Plan for Members
- Independent Life Insurance Brokers of Canada - ILIBC Plan for Members

Insurers

- Employers Reinsurance Corporation
- Encon Insurance Managers Incorporated

Brokers

- Cosburn, Griffiths & Brandham Insurance Brokers Limited
- Le Blanc, Coates, Bouchard & Associates Limited
- Barber, Stewart, McVittie & Wallace Insurance Brokers

The following is available upon request from the Ontario Insurance Commission:

- Guidelines for E&O Insurers: Errors and Omissions Insurance Requirements for Life Insurance Agents
- Sample Wording for the use of E&O Insurers - Endorsement: Extended Coverage for Loss resulting from Fraudulent Acts

For more information in this bulletin, or to obtain a copy of the ***Guidelines*** *or* ***Sample Wording****, please direct inquiries to Agents and Adjusters Branch at (416) 590-7253.*

Grant Swanson

Acting Superintendent of Insurance

April 25, 1995

(Attachments)

Financial Services Commission of Ontario
5160 Yonge Street
Toronto, ON M2N 6L9
1-800-668-0128
(416) 250-7250