

Best Practices Handbook

May 2023



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Introduction

This handbook was created by the Distribution Practices team, to summarize the industry best practices and regulatory requirements that advisors need to be compliant with as part of their day to day practices.

Distribution Practices focuses on monitoring, educating and training all distributors contracted with Empire Life. We strive to provide resources that everyone can use to enhance their compliance with the laws, regulations, industry guidelines and standards that are a reality in the insurance industry. In addition to our regular compliance reviews of our MGAs and other direct relationships with Empire Life, we annually conduct random compliance reviews of our brokers to confirm that broker compliance programs are compliant.

This handbook does not cover any product, underwriting or client procedures. These types of procedures are found in other documents, such as our [Investment Administrator Guide](#), [Insurance Administrator Guide](#), [Life Insurance Underwriting Guide](#) and our Product Reference Guides.

If you have any questions or concerns regarding anything contained in the document, please contact us at distribution.practices@empire.ca and we can provide you with further explanation and guidance.

Empire Life Distributor Code of Conduct

The Empire Life Insurance Company ("Empire Life") is committed to conducting business with the highest standard of integrity and professionalism. The Empire Life Distributor Code of Conduct sets out the minimum ethical standards that must be followed by those authorized to offer Empire Life products and services. The Distributor Code of Conduct ("the Code") forms part of your contractual relationship with Empire Life. Failure to comply with the Code may result in disciplinary action, including termination of your contract.

The Code provides principles for business conduct but does not cover every possible situation. Distributors are responsible for ensuring they have fulfilled all of their regulatory and contractual obligations.

"Empire Life Distributor" is any individual agent, broker, representative or business entity authorized to sell or service Empire Life products.

"customer" includes all existing and potential owners of Empire Life insurance products and, where relevant, life insured's, annuitants, beneficiaries and claimants with a legitimate interest in an Empire Life insurance contract.

Fair Treatment of the Customer

Fair treatment of the customer should be a core component of the Distributor's governance and business culture. Treating customers fairly means conducting business ethically, acting in good faith and ensuring a culture that places the interest of the customer at the center of all business decisions throughout the life-cycle of the insurance product.

As an Empire Life Distributor, I will:

- place the customer's interest above my own interest;
- disclose to the customer and manage any potential or actual conflicts of interest;
- have policies and procedures in place to address customer complaints and disputes in a timely and fair manner;
- promote services and products in a manner that is clear, fair and not misleading or false;
- recommend products that are suitable, taking into account the customer's disclosed personal and financial circumstances;
- provide continued service and keep customers appropriately informed;
- protect the private information of customers and provide notice of any privacy breaches in a timely manner;
- not use coercion or undue influence to secure insurance business; and
- not induce or attempt to induce a customer to replace a contract of life insurance unless the replacement of the insurance contract is in the best interest of the customer based on their specific circumstances.

Sales Disclosure

When customers are considering the purchase of an Empire Life product, it is important that they are provided with quality information about the product, how it meets their needs, and the Empire Life Distributor's business relationships. Empire Life Distributors are required to provide a disclosure statement to each customer when they first meet with them. For long-term customer's, where disclosure has not been previously provided, disclosure should be provided to those customers at the first opportunity.

As an Empire Life Distributor, I will:

- provide all customers with the necessary information about products and services I am recommending so they can make an informed decision;
- provide all customers considering the purchase of a life or health insurance product with a copy of my written disclosure statement that includes:
 - the type of licence(s) I hold and jurisdiction of the license(s);
 - the companies I represent;
 - the nature of the relationship I have with the companies I represent;
 - how I am compensated;
 - if I am eligible for additional compensation;
 - any actual or potential conflicts of interest; and
 - a statement advising the customer they have the right to ask for more information.
- keep a copy of the written disclosure, signed by the customer; and
- provide existing and prospective customers with required product information prior to the completion of the contract sale.

Product Suitability

Empire Life Distributors have an obligation to assist customers in determining their insurance needs, objectives and the appropriate solutions to address those needs.

As an Empire Life Distributor, I will:

- do my own due diligence around insurance products including how they work, their limitations, exclusions and material risks;
- have a common understanding of the services that each customer expects I will provide in the immediate transaction and ongoing relationship;
- collect relevant information about each customer's circumstance to fully understand the customer's objectives and needs as well as their family and financial situation prior to recommending a suitable product or service;
- ensure all recommendations and advice are appropriate to each customer's knowledge, experience, affordability needs and risk tolerance;
- provide product recommendations and professional advice that address each customer's needs given the circumstances at the time of the sale;

- ensure that each customer understands the recommendations and retains copies of fact finding, needs analysis, notes with the rationale of my recommendations and/or advice and notes on customer interactions;
- provide each customer with a written explanation of the recommendations and the product(s) sold;
- in cases where advice would normally be expected but the consumer chooses not to accept the advice, document the consumer's decision to decline the advice.

Confidentiality/Privacy

The protection of personal information of customers is an integral part of doing business with Empire Life. Maintaining confidentiality is of the utmost importance for building and maintaining trust, and for ensuring open and honest communication.

As an Empire Life Distributor, I will:

- comply with the privacy legislation applicable to the jurisdiction(s) where I am licensed;
- obtain meaningful consent when I collect, use and disclose a customer's personal information, as required by applicable law;
- use best efforts to obtain sensitive information about a person directly from that person;
- only collect, use and disclose a customer's personal information for the purposes for which it was obtained, except where disclosure for other purposes is authorized by applicable law;
- maintain the privacy and confidentiality of all customer and policy related information in accordance with industry guidelines and the applicable laws of Canada;
- have policies and procedures in place that comply with applicable privacy legislation;
- store electronic and paper customer files in a secure and safe place; and
- immediately notify Empire Life of any unauthorized use or disclosure of personal information of customers or confidential information of Empire Life.

Competence

Empire Life Distributors must have a high level of knowledge, abilities and skills related to the products and services they offer. At all times, Empire Life Distributors must be committed to conducting business with the highest standard of ethics, honesty, integrity and fairness.

As an Empire Life Distributor, I will:

- meet my professional ethical standards, including acting honestly, with integrity and fairness;
- not intentionally mislead customers or Empire Life in any way;
- maintain an appropriate level of education to ensure I am up to date in an ever-changing financial market and as required for my licence;
- conduct and present myself in a professional manner at all times; and
- recognize the limits of my expertise and seek consultation or refer customers as appropriate.

Industry Standards and Regulation

It is imperative that Empire Life Distributors understand the industry standards, legislation and regulatory requirements in the jurisdiction(s) in which they are licensed.

As an Empire Life Distributor, I will:

- act at all times in conformity with all legal and regulatory requirements and guidelines, including privacy and anti-money laundering legislation, the Code of Ethics contained in applicable provincial legislation, and in accordance with the professional guidelines as adopted by insurance regulators or industry recognized professional organizations;
- Obtain and maintain the appropriate license(s) in the jurisdiction(s) where I conduct business;
- maintain up-to-date errors and omissions insurance in accordance with the jurisdiction(s) for which I am licensed; and
- remain knowledgeable of the laws and regulations that apply, at any time, to the products and services that I provide.

Unacceptable Sales Practices

* Reference: Canadian Life and Health Insurance Association (CLHIA) Guideline GS "Advisor Suitability: Screening, Monitoring and Reporting (Revised April 2015)"

Any advisor engaging in the sales practices listed below may be reported to regulators or other persons in authority, including the police.

1. Fraud

An intentional deception or misrepresentation which an individual knows to be false or does not believe to be true and is made knowing that it may be detrimental to the other party and that it could result in some unauthorized benefit to himself, herself or some other person.

2. Misappropriation of Funds

Taking money or other property received from the client for a purpose other than that specified by the client.

3. Forgery

Knowingly making a false document with intent that

- a) it will in any way be used or acted upon as genuine, to the prejudice of a person, or
- b) some person should be induced, by the belief that it is genuine, to do or to refrain from doing something.

4. Money Laundering/Terrorist Financing

Money laundering is the processing of criminal proceeds to disguise their illegal origin. Terrorist financing is the collection or distribution of funds with the intent or knowledge that the funds will be used by a terrorist or to carry out a terrorist act.

5. Privacy or Confidentiality

Any transmittal of personal information, whether intentional or unintentional, for purposes other than those consented to by the individual described by the information.

6. Conflict of Interest

Intentionally failing to provide customers disclosure of business relationships with insurers and all conflicts of interest or potential conflicts of interest associated with a transaction or recommendation.

7. Tied Selling

Making the purchase of one product conditional on the purchase of another product.

8. Premium Rebating

A promise or agreement for the premium to be paid for a policy in a lesser amount than the premium set forth in the policy, or paying (or offering to pay) a rebate of the whole or part of the premium stipulated by the policy, or any consideration or thing of value intended to be in the nature of a premium rebate, except to the extent permitted by law.

9. Inducements

Making, or offering to make, any payment of money or gift of value, directly or indirectly, to convince a customer to purchase insurance except to the extent permitted by law.

10. Replacements

a) Undisclosed and/or systematic replacements

Failure to provide full and fair disclosure to the customer and insurer as required by provincial and territorial laws or systematic internal or external replacements that are detrimental to the customer.

b) Twisting

Persuading a policyholder to terminate a policy solely for the purpose of selling another policy without regard to possible disadvantages to the customer. It can also involve using the values, either through loans or through the redirection of dividends, of one policy to purchase another.

c) Churning

Initiating, for personal gain, transactions so that the volume or frequency of trades is excessive in view of the character of the account and the customer's personal objectives.

11. Misrepresentation and Disclosure

a) Holding Out

Intentional misleading of the customer using any media (i.e. business cards, websites, social media, etc.) in regards to credentials or designations or authority, or the ability to provide advice or service.

b) Unfair or Deceptive Statements

Failure to provide full and accurate disclosure so the customer can make an informed decision about the purchase of a product or service.

c) Illustrations

Unauthorized changes by an advisor to company-provided illustrations, or manipulation by an advisor of software beyond its defined parameters to create an unreasonable expectation about the benefits or advantages of the policy.

12. Misrepresentation to the Company

Failure of the advisor to provide full, complete and accurate information to the insurer.

13. Improper Paperwork

Any practice that thwarts, intentionally or unintentionally, the evidentiary intent of a signature. This includes but is not limited to the use of pre-signed forms, signature witnesses made at a time other than when the customer signs the document, and improper initialing of error corrections. Where the transaction is conducted and evidenced electronically, a similar standard applies.

Delays in delivering policies may be a sign of sloppiness and can create a risk for clients as the delay lengthens the period between the time the policy was explained and when it is available for review.

14. Product-Client Suitability

Failure to consider the customer's needs, ensure fair treatment and make appropriate recommendations.

15. Undue Influence

Encouraging a customer to act on a recommendation in a situation where the advisor knows or ought to know that the customer is unable to understand the character, nature, language or effect of the transaction or proposed transaction.

16. Coercion

Compelling a customer, through the use or threat of physical force, to act on a recommendation.

17. Incompetence

Any lack of technical or general knowledge or judgment required to carry out sound business practices and make recommendations based on needs-based sales practices.

18. Fronting

Submission of an application for insurance and receipt of commission by a licensed advisor on behalf of an unlicensed person who solicited the sale. Also, submission of an application by a licensed advisor on behalf of another licensed advisor who does not have a contract with the insurer to whom the application is submitted. More, generally, fronting is allowing another person to solicit business and submit to an insurer under the advisor's name.

19. Trafficking in Insurance and Stranger Owned Life Insurance

a) Trafficking

Facilitating the sale of a customer's insurance policy to a third party that holds itself out as a purchaser of life insurance policies, except to the extent permitted by law.

b) Stranger Owned Life Insurance (STOLi)

Facilitating a customer's application for a stranger owned life insurance (STOLi) policy. STOLi is generally considered to be an act, practice or plan to initiate a life insurance policy in order to obtain a loan, advance or other payment with the intent of transferring the right to receive a death benefit to a third party, usually an

investor, who, at the time of policy origination, has no insurable interest in the insured. STOLI is generally not considered to be a) appropriate recourse financing of needed life insurance or b) life insurance purchased by the insured in good faith to meet personal, business, or charitable need.

Advisor Disclosure

When customers are considering the purchase of a product, it is important that they are provided with quality information about the product, how it meets their needs, the company offering the product, and the advisor and the advisor's business relationships. Advisors are required to provide a statement of full disclosure to each of their clients when they first meet with them. For long-term clients, where disclosure has not been previously provided, disclosure should be provided to those clients at the first opportunity.

What are the requirements?

- Comply with industry regulations, guidelines and standards by disclosing in writing to clients seven key disclosure items:
 1. Licenses and jurisdictions in which the advisor is licensed
 2. Companies represented
 3. Nature of relationship with companies represented
 4. Method(s) of Compensation,
 5. Any additional compensation or incentives that may be received (i.e. conferences)
 6. Conflict(s) of interest
 7. Client ability to request more information
- Qualified attendees to Empire Life conferences may be asked to provide a sample copy of their disclosure statement in order to qualify.
- Attest to providing written disclosure of these items by signing the Advisor Section of Empire Life Applications.

What might the consequences for non-compliance be?

- Lack of consumer trust and/or confidence
- Lack of industry compliance could lead to more regulation
- Cancellation of contract with carriers
- Disciplinary actions by regulators
- Consumer complaints

What needs to be done?

- Provide written disclosure as required to all clients at the time of the first meeting or when there has been any change in the information.
- Keep a copy of the written disclosure, signed by the client, to document this took place.

Templates or Examples

- [Advisor Disclosure document](#)

References for detailed information

- [Compliance section](#) of the Empire Life website
- Canadian Life and Health Insurance Association (CLHIA) [reference document on Advisor Disclosure](#)

Anti-Money Laundering & Terrorist Financing

The Proceeds of Crime (Money Laundering) and Terrorist Financing Act was introduced in Canada to aid in the detecting and deterring of money laundering and the financing of terrorist activities. The Act requires advisors to verify identity, report large cash transactions, suspicious transactions and terrorist property and to do so on an ongoing basis. Effective June 2021, there were changes made to the Act and it is imperative you understand the changes and implement in your practice.

What are the requirements?

- Comply with the Proceeds of Crime (Money Laundering) and Terrorist Financing Act.
- Implement a compliance program to ensure compliance with your reporting, record keeping and client identification requirements.
- Properly record the purpose and intended nature of the business relationship
- Conduct ongoing monitoring of business relationships.

What might the consequences of non-compliance be?

- Cancellation of carrier contract
- Revocation of licence
- Administrative monetary penalties (Minor violation up to \$1,000 per violation; serious violation up to \$100,000 per violation and very serious violation up to \$500,000 per violation for entities and \$100,000 for individuals)
- Imprisonment from 6 months to 5 years

What needs to be done?

- Verify client identity and keep client information current
- Identify in writing the nature of a client's business relationship
- Determine and record beneficial ownership and control information
- Take reasonable measures to determine whether you are dealing with a politically exposed person (PEP) or Head of International Organization (HIO)
- Determine whether the customer is acting on behalf of a third party
- Keep records of all large transactions, customer information, beneficial ownership records, copies of corporate records and suspicious transactions reports
- Periodically review and verify customer identification on file is correct. This should be done at least every five years and for high-risk customers before each of their transactions.
- Identify and report suspicious and attempted suspicious transactions; terrorist property; and large cash transactions

References for detailed information

- Empire Life applications include many of the requirements for verification of clients
- [Compliance section](#) of the Empire Life website has [modules](#) for completion of a compliance program and copies of circulars relating to Anti-Money Laundering & Anti-Terrorist Financing
- [FINTRAC website](#)

Borrowing to Purchase Life Insurance Products - Ontario

In 2014, the Financial Services Commission of Ontario (FSCO), now the Financial Services Regulatory Authority of Ontario (FSRA), released a bulletin to all insurance advisors licensed to do business in Ontario reminding advisors of their responsibilities when recommending life insurance and insurance-related investment products and strategies to clients. While this was issued in Ontario, the principles of the bulletin speak to sound business practices in all jurisdictions.

What are the requirements?

- Advisors must inform clients that there are additional costs and obligations associated with borrowing to purchase life insurance products and it may increase investment risk.
- Advisors should explain that borrowing to purchase life insurance products involves:
 - Greater risk than purchasing using cash
 - they will need to repay the loans in full
 - they will need to pay all accumulated interest
 - there is a risk that the value of any related investment may decline over time
 - leveraging magnifies both gains and losses and both interest rates
 - investment value will fluctuate and returns are not guaranteed
- In the event of a complaint to FSRA involving borrowing to purchase life insurance, the advisor will need to demonstrate to FSRA that:
 - Product was clearly suitable for the client's needs
 - the client was adequately informed about the product and any financial implications or risks
 - the necessary fact finding and needs assessment were done and there was a rationale for the recommendation
 - both the upside and downside implications of the loan were discussed with the client
 - the client provided written acknowledgement of the risks associated with the purchase decision, especially where the client proceeds with a transaction other than the advisor's recommendation.

What might the consequences for non-compliance be?

- Lack of consumer trust and/or confidence
- Consumer complaints or lawsuits
- Cancellation of contract with carriers
- Disciplinary actions by regulators

What needs to be done?

- Ensure you provide clients with a detailed and thorough explanation of what they are doing and the increased risk associated with it. Ensure you include the specifics outlined by FSRA.
- Maintain copies in your client files of your disclosure documents, letters of engagement, needs assessments, and policy illustrations
- Document all conversations with client

References for detailed information

- FSCO Bulletin No.G-05/14 "[Borrowing to Purchase Life Insurance Products - Risks and Suitability](#)"

Business Continuity Plan

A business continuity plan (BCP) is a proactive plan that ensures critical services or products are delivered during a disruption. Ensuring you can still provide your clients with services in the event of a business disruption is critical protection to your business and your client's interests.

What are the requirements?

When developing a BCP, you need to consider the following areas of your business:

- Organizational: development of policies, procedures, action plans, emergency measures, etc. that you and your employees would follow in the event of a business disruption
- Human: awareness campaigns, training, etc. How do you make sure your employees and your clients know what you will do in the event of a business disruption
- Technological: software, equipment, databases, networks, etc. what do you use, how is information protected, how will you do your business if they are inaccessible and who can assist you with these in the event of a business disruption
- Physical and material: infrastructures, recovery sites, etc. Where will you go if you can't use your regular business location?
- The BCP should be clear, practical, tested and updated regularly.

What might the consequences for non-compliance be?

- Lack of consumer trust and/or confidence
- Consumer complaints or lawsuits
- Information breach
- Loss of business

What needs to be done?

- Create and adopt a BCP and communicate it to all employees.
- Ensuring that service providers with which you do business also have a BCP in their company.
- Establishing a succession plan, in case of death or incapacity of yourself or other principal(s) of your business.

References for detailed information

- Government of Canada website: [Business Continuity Planning](#)
- [Business Continuity Management Guideline published by the Autorite des Marches Financiers \(AMF\)](#)
- [Registrant Governance and Compliance Guide \(2021\) published by the AMF](#)

Canada's Anti-Spam Legislation (CASL)

Every business operating in Canada is required to comply with the Canadian Anti-Spam Law (CASL), which came into effect on July 1, 2014. Businesses in Canada promoting products or services using electronic channels are bound by the legislation. Anyone using electronic devices to send commercial electronic messages is affected by CASL.

Commercial Electronic Message: Commercial electronic messages (CEMs) are any electronic message which is sent to an electronic address that encourages participation in a commercial activity or promotes a service or product through electronic means such as email, SMS (text messaging), social media (Facebook, Twitter, LinkedIn), instant messaging or IM (real time chatting).

CASL prohibits sending CEMs unless the recipient has given their express consent or the message falls into a category for which consent is implied.

What are the requirements?

- Follow the principles outlined by the Canadian Government on sending Commercial Electronic Messages (CEM):
 1. Identify - Your name and business clearly.
 2. Include - Your current mailing address, phone number and web address. They must always be shown in your CEMs and be valid for a minimum of 60 days.
 3. Obtain consent - You must obtain consent from all clients prior to sending any CEMs. Reminder: you must not send an electronic message asking for consent. This type of email is considered a CEM and prohibited by CASL.
 4. Keep a record - Of the consents received and manage them.
 5. Unsubscribe mechanism - Must be included in each CEM, be easy to do and be free.
 6. Be honest and open - Ensure no part of the message is false or misleading.
 7. Action - You must take action on every unsubscribe request within 10 days.
 8. Software installation - If you install software on client devices or have your client install software or apps that automatically update, you must ensure that consent of the end user is obtained.
 9. Openness- You must make readily available to individuals, specific information about your policies and practices for the management of personal information.
 10. Referrals - You must obtain consent. A CEM sent as a result of a referral can only be sent one time - ever. The referral must come from someone who has an existing business or non-business relationship with you. It can come from someone who is a member of the family or other personal relationship with the sender and the recipient of the CEM. It must include the name of the individual who made the referral and a statement that the CEM is sent as a result of a referral. You must still respect points 1., 2., 3. and 5.

What might the consequences of non-compliance be?

- Consumers could report your CEM as spam to the enforcing agencies.
- The Office of the Privacy Commissioner of Canada, CRTC and the Competition Bureau are the three enforcement agencies for CASL. CRTC can impose monetary fines up to \$1 M for individuals and \$10 M for businesses. The Competition Bureau can impose fines of up to \$.75 M for individuals and \$10 M for Corporations.

What needs to be done?

- Create and implement an Anti-Spam policy and procedures.
- Obtain express consent from existing clients.
- Obtain express consent from new clients prior to establishing a business relationship.
- Ensure you identify yourself and your business, clearly in each message, and the name on whose behalf you are sending the CEM.
- Ensure you include your contact information including an email or website address for you or the person on whose behalf you are sending the CEM.
- Allow clients to "opt-in" and eliminate pre-checked box for consents.
- Ensure you create an unsubscribe mechanism and include it in each message.
- Document client consent and keep it up-to-date.
- Keep yourself and anyone who works with you up to date on CASL by taking regular training.

Templates or Examples

- [CRTC video webinar on CASL](#) and concrete examples

References for detailed information

- Canada's Anti-Spam Legislation (www.fightspam.gc.ca)
- Canadian Radio-television and Telecommunications Commission ([CRTC](#))
- [Competition Bureau](#)
- [Office of the Privacy Commissioner of Canada](#)

Complaint Handling

The purpose of a complaint handling policy is primarily to implement a free, impartial and fair handling of customer complaints within a reasonable time from its receipt. A complaint is the expression of dissatisfaction made to an advisor or entity related to a product, a service, the advisor's conduct, or the complaint handling process itself.

In Quebec, the complaint handling policies and procedures are a mandatory requirement of licensed advisors. The Autorite des marches financiers (AMF) has outlined specific requirements for what a complaint handling and dispute resolution policy should look like. For more information on the specific requirements in Quebec, please refer to the next section, "Complaint Handling- Quebec".

What are the requirements?

- Examine complaints diligently and fairly, using a simple and accessible procedure
- Depending on the type of complaint, contact your E&O provider
- Notify your MGA and the insurance carrier, if any.

What might the consequences of non-compliance be?

- Lack of consumer trust and/or confidence
- Damage to reputation
- Consumer lawsuits
- Disciplinary action

What needs to be done?

- Establish policies and procedures to deal with complaints in a fair manner.
- Maintain a complaint log of each complaint and the measures taken for its resolution
- Respond to complaints without unnecessary delay
- Analyze complaints received to identify any trends, recurring risks and potential training opportunities
- Provide clear, transparent and easy to understand information about the dispute resolution processes.

Templates or Examples

- [Complaint handling](#) template found under the Compliance section of Empire Life advisor website
- [Complaint handling \(Specific to Quebec\)](#) template found under the Compliance section of Empire Life advisor website

References for detailed information

- Canadian Council of Insurance Regulators (CCIR) and Canadian Insurance Services Regulatory Organizations (CISRO) [Guidance document Conduct of Business and Fair Treatment of Customers](#)
- FSCO's [Treating Financial Services Consumers Fairly Guidelines](#)
- AMFs [Sound Commercial Practices Guideline](#)

Complaint Handling in Quebec

In Quebec, insurance customer complaint handling is regulated by the AMF. The AMF provides a clear definition of what constitutes a complaint and requires specific action to be taken whenever a consumer complaint is received. Initially the agency or firm would make every effort to resolve the complaint to the satisfaction of the consumer. If no resolution can be reached, then further steps must be followed as specified by the AMF. Independent advisors are required to file a complaints report with the AMF only when they receive complaints, however, they are required to keep a documented log even if no complaints are received for a given period of time. NOTE: although this is required in Quebec, this is a good practice in any province.

What are the requirements?

- Adopt a complaint examination policy
- Provide customers with policy and procedures on complaints handling and contact information of the persons responsible for handling complaints at the agency or firm
- Examine every complaint in an equitable manner and maintain a register of all complaints received whether resolved or not
- On receipt of the complaint, send an acknowledgement and notice to the complainant
- Send the complaint file to the AMF at the complainant's request
- Prepare and file a complaint report to the AMF using the "Complaint reporting" section, which is accessible via [AMF E-Services](#). As of 2007, independent representatives and firms with only one representative are no longer required to file a report **if** they have not received any complaints. However, upon receipt of a complaint, they are still required to report according to established procedures.

What might the consequences of non-compliance be?

- Lack of consumer trust and/or confidence
- Formal notice from the AMF and administrative penalties

What needs to be done?

- Document and implement a complaint policy to ensure fair and impartial examination of complaints
- Send an acknowledgment of receipt and a notice to the complainant
- Create a file for each complaint examined. You must be able to send the complaint file to the AMF upon the complainant's request. The file must contain the documented complaint sent by the complainant, the analysis of the complaint, any information related to the complaint, and the final justified written response.

Templates or Examples

- Complaint handling (Specific to Quebec) [template](#)

References for detailed information

AMF [Complaint examination](#)

- AMFs [Sound Commercial Practices Guideline](#)

Conflicts of Interest

When an advisor is meeting with clients, new or existing, it is important to treat them fairly with honest communication and to be transparent. Clients must be informed about any real, possible, or eventual conflicts of interest that may arise while engaged in the business relationship. Conflict of interest can be defined as an advisor having the incentive to act other than in the best interest of the client or prospective client. Advisors are required to put the interests of each of their clients ahead of their personal interests and avoid all situations that could result in a conflict of interest situation whether real or perceived.

A *real conflict of interest* is a situation in which an advisor has knowledge of a personal, private, financial, or professional interest that is sufficient to influence the exercise of his/her duties and responsibilities.

A *potential conflict of interest* is a situation in which an advisor can foresee that a personal, private, financial, or professional interest may someday be sufficient to influence the exercise of his/her duties.

A *perceived (or apparent) conflict of interest* exists when a reasonable person would have an apprehension of the existence of a conflict of interest. This can exist when it appears that an advisor's personal, private, financial, or professional interest or access to certain information could improperly influence the exercise of his/her duties, whether or not this is in fact the case.

Most provinces have rules regarding the handling and disclosing of conflicts of interest. It is important you understand the specific requirements for the provinces in which you are licensed, in addition to complying with industry standards for disclosing conflicts of interest.

What are the requirements?

- Always give priority to the client's best interests
- Ensure your actions or private interests do not interfere with your ability to recommend products that meet your clients' needs
- Comply with industry regulations, guidelines and standards by including a statement on conflicts of interest in your disclosure document or avoiding the conflict of interest altogether
- Some provinces have regulations regarding allowable second occupations for advisors

What might the consequences of non-compliance be?

- Damage to reputation, even if the conflict is only perceived
- Lack of consumer trust and/or confidence
- Consumer complaints or lawsuits
- Cancellation of contract with carriers
- Disciplinary actions by regulators

What needs to be done?

- Examine each situation carefully when engaging in a business relationship to ensure there is no conflict of interest, actual or perceived.
To make this determination, ask yourself the following questions:
 1. Do I have knowledge of a personal, private, financial or professional interest that could influence me exercising my duties to my client?
 2. Is it possible that a personal, private, financial or professional interest could, in future, influence me in exercising my duties to my client?
 3. Could a personal, private financial or professional interest be perceived as influencing me in exercising my duties to my client?
- Disclose in writing, conflicts of interest as part of your full disclosure to clients
- If you hold a second occupation, ensure you understand the requirements for the provinces you are licensed in.

References for detailed information

- Provincial regulator websites (see [Appendix 1](#) for listing and links)
- Advisor Disclosure template: Compliance section of the [Empire Life website](#)

Continuing Education and Training

Keeping up to date with your professional development and industry changes is important to your practice to ensure you provide customers with appropriate guidance and information. The industry is changing constantly so it is important that your education and training is on-going. Empire Life will be verifying that you are meeting your continuing education requirements as part of our random advisor reviews.

What are the requirements?

- Each province specifies its own rules and regulations for life advisors Continuing Education (CE) or Professional Development Units (PDU). A licensee should always verify key information with each regulator for the provinces they are licensed in.

What might the consequences of non-compliance be?

- Lack of consumer trust and/or confidence
- License suspension or revocation
- Cancellation of carrier contract

What needs to be done?

- Consider being a member of an industry organization (e.g. Advocis, IFBC)
- Regularly attend industry education sessions
- Maintain detailed records, with the name of the course provider, the dates of courses and seminars, description of each course or seminar, amount of qualifying hours and the signature of an authorized representative of the course provided.
- Verify with your provincial regulator(s) as to what they require for documentation or filing proof.

References for detailed information

- Continuing Education/ Profession Development chart is provided in [Appendix 2](#).
- Industry organization such as Advocis www.advocis.ca and IFBC www.ifbc.ca
- Provincial regulator websites (see [Appendix 1](#) for listing and links)

Engagement Letter

An engagement letter is a document that defines the relationship between a client and advisor. The engagement letter should outline the scope of each party's expectations and responsibilities. Advisors should have agreements in place that clearly define the conditions, scope and limits of contracted services, and clarify roles and respective responsibilities.

What are the requirements?

- Engagement letters will vary depending on the services you provide and the nature of the client. Examples of what should be included are:
 - Details about each party's responsibilities
 - Time frames of the engagement
 - Conflicts of interest
 - Purpose of the relationship
 - Services provided
 - Services not provided
 - Compensation
 - Privacy and confidentiality
 - Contact information

What might the consequences of non-compliance be?

- Lack of consumer trust and/or confidence
- Consumer complaints

What needs to be done?

- Provide a written engagement letter to all clients at time of engagement.
- Keep a copy of the written engagement letter, signed by the client, to document this took place.

Templates or Examples

- [Letter of Engagement](#)

References for detailed information

- CLHIA Reference Document: [The Approach](#)

Errors & Omissions Insurance (E&O)

At Empire Life, we require all our distributors to have Errors & Omissions Insurance (E&O), regardless of whether it is a requirement of their licence. We also strongly encourage our corporate relationships to ensure they have the appropriate coverage for how their business is structured.

What are the requirements?

- In most provinces, E&O is a licensing requirement
- It is an Empire Life contractual requirement

What might the consequences of non-compliance be?

- Fines, licence suspension or revocation
- Not having coverage can affect you financially when it is most needed (customer complaint leading to lawsuit)
- Cancellation of carrier contract

What needs to be done?

- Verify the E&O requirements for the provinces you hold licenses in
- Ensure your policy covers you appropriately at all times
- Read and understand your policy provisions and what needs to be done to make a claim
- Know your renewal date and renew on time
- Advise regulators and carriers when you renew

References for detailed information

- Provincial regulator websites (see [Appendix 1](#) for listing and links)
- Your Empire Life Agreement
- [Compliance section](#) of Empire Life website

National Do Not Call List (DNCL)

The National Do Not Call List (DNCL), gives customers a choice about receiving telemarketing calls. According to the CRTC rule, a "telemarketer" is an "organization or person that conducts telemarketing either on its own behalf or on behalf of other organizations or persons". They define "telemarketing" as the use of telecommunication technologies to make unsolicited calls or send faxes for the purpose of solicitation. This applies to "cold calls" advisors make to solicit business but the rules do not apply to a business consumer.

What are the requirements?

- A telemarketer shall not initiate a telecommunication to a consumer number on the DNCL unless they have express consent.
- All telemarketer must register with the DNCL (even if only making exempt calls or sending exempt faxes).
- Regular telemarketers (i.e. who make telemarketing calls or send faxes to consumers for solicitation or hire a third-party agency to make calls), have to purchase a subscription for the area codes to be called. Numbers must be downloaded from the DNCL and deleted from calling lists, using a version of the DNCL less than 31 days old.
- A telemarketer is required to place a consumer's name and telephone number on their own do not call list within 14 days of the consumer's request. The consumer's name and telephone number must stay on the internal do not call list for 3 years and 14 days.
- Only make permitted calls between 9 a.m. and 9:30 p.m. on weekdays or, between 10 a.m. and 6 p.m. on weekends, according to the time zone of the consumer receiving the call.

What might the consequences of non-compliance be?

- Lack of consumer trust and/or confidence
- CRTC may impose a penalty of up to \$1,500 per violation for individuals and up to \$15,000 per violation for corporations.

What needs to be done?

- Advisors need to take note of and understand the Rules to determine how the rules apply and affect their practice.
- Have written policies and procedures.
- Train your employees, make sure they review your policies and procedures on a regular basis
- Register under the Do Not Call List or make sure you are exempt.
- Update registry every 31 days
- Maintain an internal do not call list and document who you are calling

References for detailed information

- [Canada's National Do Not Call List](#)
- [Canadian Radio-television and Telecommunications Commission](#)

Non Face to Face Sales

Selling insurance to clients without meeting with them in person has become more and more popular amongst consumers and advisors. Advisors now have access to tools for a simple and streamlined application process (paper or electronic) which allows them to increase sales productivity by reducing or eliminating travel time and expanding their market reach.

What are the requirements?

- Advisors must fulfill all of their compliance and client obligations whether the application is completed in person or non-face-to-face (NFTF). A NFTF sale may not be appropriate in all situations.
- Advisors must be licensed in each jurisdiction(s) where the advisor acts as an insurance agent, including the jurisdiction where the advisor is located and the jurisdiction where each owner or insured is located when the application is completed.

What might the consequences of non-compliance be?

- Fines, licence suspension or revocation
- Cancellation of carrier contract
- Revocation of right to sell Empire Life policies NFTF

What needs to be done?

- Ensure you understand the NFTF process and determine whether it is appropriate for the sale you are conducting
- Ensure you are meeting all regulatory and industry requirements, such as needs analysis, privacy consent, advisor disclosure, etc.
- Confirm owner and insured location prior to starting an application NFTF to ensure they are located where you are licensed.

Templates or Examples

- Both the paper application and the link to the electronic application can be found on our [website](#).

Other Employment/Business Activities

Most provinces and territories, with the exception of Prince Edward Island, permit advisors to have part-time occupations. Many provincial regulators make it a part of the license application process that applicants must disclose any (non-insurance) business activity and review these disclosures to determine if the business activity represents the potential for conflict of interest.

While some other employment or business activities can have no impact on a licensee's insurance activities, there are certain non-insurance activities that may include real or perceived positions of power or trust (lawyer, immigration consultant, pastor, doctor, bank officer, police officer, etc.) See [Appendix 6](#) for a summary of the provincial regulatory requirements.

What are the requirements?

- Disclosure to the regulator, as part of the licensing application, any other employment or business activities you are engaged in.
- Disclosure to insurance carriers any other employment or business activities you are engaged in.
- Disclosure to clients any other employment or business activities you are engaged in.

What might the consequences of non-compliance be?

- Damage to reputation
- Lack of consumer trust and/or confidence
- Consumer complaints or lawsuits
- Cancellation of contract with carriers
- Disciplinary actions by the regulators

What needs to be done?

- Disclose in writing, as part of your full disclosure to clients if other employment or business activity is permitted by regulator.
- Disclose to your provincial regulator. Each province has their own requirements for what is to be disclosed and when. Make sure you understand your requirements under your provincial licence.

References for detailed information

- Provincial regulator websites (see Appendix 1 for listing and links)
- Advisor Disclosure template: [Compliance section](#) of the Empire Life website

Principles for the Sale of Insurance (Newfoundland and Labrador)

The Government of Newfoundland and Labrador require insurance companies and brokers to deliver the "Principles for the Sale of Insurance: A Consumer Protection Document" to all provincial consumers when they purchase any type of insurance product sold in Newfoundland and Labrador, and to provide the information about their insurance product as described in the document. Although it is a principle-based document and is not legislation or regulation, compliance is expected and will be monitored by the Government.

What are the requirements?

- Advisors are to provide an unaltered copy of the document to the client at either policy delivery or point of sale.
- The document does indicate deliver on renewal or cancellation notice, but this is generally seen as relating to property and casualty insurance.

What might the consequences of non-compliance be?

- Lack of consumer trust and/or confidence
- Licence suspension or revocation

What needs to be done?

- Provide a copy of the unaltered to document to clients at point of sale or policy delivery.
- Be prepared to address any of the points in the document in detail, including responding to commission arrangements and the amount of commission being paid.
- Document the delivery of the document in your client file to prove you have complied with the requirement.

Templates or Examples

- [Principles for the Sale of Insurance](#): A Consumer Protection Document provided in [Appendix 4](#)

References for detailed information

- Newfoundland, Superintendent of Insurance - [2007 News Release and Bulletin](#)

Privacy

All businesses, including independent advisors, operating in Canada are required under the Personal Information Protection and Electronic Documents Act (PIPEDA), and applicable provincial privacy legislation, to have a privacy program. Businesses are required to comply with legislation when collecting, using or disclosing the personal information of individuals. For businesses that have customer residents in the provinces of British Columbia, Alberta or Quebec, these provinces have their own privacy legislation and you are obligated to abide by.

It is important to understand which privacy legislation applies to the activities of your business. For example, if your business involves personal information being transferred or accessed outside your province, PIPEDA will apply in addition to any applicable provincial legislation.

What are the requirements?

- Follow the 10 principles outlined by PIPEDA
 1. **Accountability-** An organization is responsible for personal information under its control and shall designate an individual or individuals who are accountable for the organization's compliance with the following principles.
 2. **Identifying purposes-** The purposes for which personal information is collected shall be identified by the organization at or before the time the information is collected.
 3. **Consent-** Knowledge and consent of the individual are required for the collecting, using or disclosing of information.
 4. **Limiting collection-** The collection of personal information shall be limited to that which is necessary for the purposes identified by the organization.
 5. **Limiting use, disclosure, and retention-** Personal information shall not be used or disclosed for purposes other than those for which it was collected, except with the consent of the individual or as required by law.
 6. **Accuracy-** Personal information shall be accurate, complete, and up-to-date as necessary for the purposes for which it is to be used.
 7. **Safeguards-** Personal information shall be protected by security safeguards appropriate to the sensitivity of the information.
 8. **Openness-** An organization shall make readily available to individual's specific information about its policies and practices relating to the management of personal information.
 9. **Individual access-** Upon request, an individual shall be informed of the existence, use, and disclosure of his or her personal information and shall be given access to that information. An individual shall be able to challenge the accuracy and completeness of the information and have it amended as appropriate.
 10. **Challenging compliance-** An individual shall be able to address a challenge concerning compliance with the above principles to the designated individual or individuals accountable for the organization's compliance.

What might the consequences of non-compliance be?

- Lack of consumer trust and/or confidence
- Loss of business
- Negative brand/reputational impact

- Licence suspension or revocation
- Cancellation of carrier contract
- Significant monetary fines

What needs to be done?

- Comply with the applicable privacy legislation in protecting customers' personal information. Note that some provinces have their own Privacy legislation - check to see if it is a province you are licensed in.
- Creation and implementation of a privacy policy and procedures, including internal policies such as secure communications, laptop security, and office security.
- Privacy training: keep yourself and anyone who works with you up to date on their privacy responsibilities.
- Secure all paperwork in a locked filing cabinet or desk prior to leaving your desk or office.
- Keep family files or letters separate, unless the policy is jointly owned or you have explicit permission to keep them together.
- Have your privacy policy and the privacy policy of Empire Life available to Empire Life clients.

Templates or Examples

- Build a [Privacy Plan](#) for your Business

References for detailed information

- [Federal Privacy Commissioner](#)
- [Commission d'accès à l'information](#)
- [Office of the Information and Privacy Commissioner of Alberta](#)
- [Office of the Information and Privacy Commissioner of British Columbia](#)
- [List of provincial and territorial privacy laws](#) To assist in determining what legislation may apply, the Office of the Privacy Commissioner of Canada has developed the following tool:
https://www.priv.gc.ca/en/report-a-concern/leg_info_201405/

Privacy Breach

A privacy breach occurs when there is unauthorized access to or collection, use, or disclosure of personal information that occurs in contravention of applicable privacy legislation, such as Personal Information Protection and Electronic Documents Act (PIPEDA), or similar provincial legislation. Some of the most common privacy breaches happen when personal information of clients is stolen, lost or mistakenly disclosed. For businesses that have customer residents in the provinces of British Columbia, Alberta or Quebec, these provinces have their own privacy legislation and you are obligated to abide by.

What are the requirements?

- A privacy breach must be handled ensuring that four key steps are followed:
 1. Breach containment and preliminary assessment
 2. Evaluation of the risks associated with the breach
 3. Notification
 4. Prevention
- If a privacy breach is determined to present a "real risk of significant harm" or "risk of serious harm", affected individuals and certain privacy commissioner(s) must be notified.
- Records must be kept of all breaches for a minimum of two years (a minimum of 5 years in Quebec), even if it has been determined that there is no real risk of significant harm.

What might the consequences of non-compliance be?

- Lack of consumer trust and/or confidence
- Loss of business
- Negative brand/reputational impact
- Cancellation of carrier contract
- Significant monetary fines [What needs to be done?](#)
- Comply with the applicable privacy legislation and protect customers' personal information. Note that some provinces have their own Privacy legislation - check to see if it is a province you are licensed in.
- Creation and implementation of a privacy breach procedure and ensure anyone who works with you is aware of how to handle a breach.
- Create a breach log and use as needed.
- Have your privacy breach procedure available to clients - they may ask what you would do if something happens.

Templates or Examples

- [Privacy Breach](#) template found under the Compliance section of Empire Life advisor website

References for detailed information

- [Federal Privacy Commissioner](#)
- [Commission d'accès à l'information](#)

- [Office of the Information and Privacy Commissioner of Alberta](#)
- [Office of the Information and Privacy Commissioner of British Columbia](#)
- [List of provincial and territorial privacy laws](#)

Privacy Consent

Clients must be informed of the types of personal information advisors will be collecting, the purposes for which it is being collected, who it might be disclosed to and they must give their consent to this. Under privacy laws, advisors are required to obtain meaningful consent for the collection, use and disclosure of personal information.

What are the requirements?

To obtain meaningful consent and meet the related obligations under Canadian privacy law, organizations must:

- Make privacy information readily available in complete form, while giving emphasis or bringing attention to four key elements:
 - What personal information is being collected, with sufficient precision for individuals to meaningfully understand what they are consenting to.
 - With which parties' personal information is being shared
 - For what purposes personal information is being collected, used or disclosed, in sufficient detail for individuals to meaningfully understand what they are consenting to.
 - Risks of harm and other consequences
- Provide information in manageable and easily-accessible ways.
- Make available to individuals a clear and easily accessible choice for any collection, use or disclosure that is not necessary to provide the product or service.
- Consider the perspective of your consumers, to ensure consent processes are user-friendly and understandable.
- Obtain consent when making significant changes to privacy practices, including use of data for new purposes or disclosures to new third parties.
- Only collect, use or disclose personal information for the identified purposes that a reasonable person would consider appropriate, under the circumstances.
- Allow individuals to withdraw consent (subject to legal or contractual restrictions).

What might the consequences of non-compliance be?

- Lack of consumer trust and/or confidence
- Licence suspension or revocation
- Cancellation of carrier contract
- Significant monetary fines

What needs to be done?

- Comply with the applicable Privacy Act and protecting customers' personal information. Note that some provinces have their own Privacy legislation - check to see if it is a province you are licensed in.
- Creation and implementation of a privacy consent form to be signed by all clients.
- Ensure that only those to whom the client has given consent have access to the client's personal information.
- Have your privacy policy and the privacy policy of Empire Life available to clients.

Templates or Examples

- Sample [Consent](#) form

References for detailed information

- [Federal Privacy Commissioner](#)
- [Commission d'accès à l'information](#)
- [Office of the Information and Privacy Commissioner of Alberta](#)
- [Office of the Information and Privacy Commissioner of British Columbia](#)
- [List of provincial and territorial privacy laws](#)

Product Suitability

A life insurance advisor has an obligation to assist customers in determining their financial needs and objectives and finding the appropriate solutions to addressing those needs. Effective advisors ensure appropriate disclosure, establish realistic expectations, gather information to identify needs, develop suitable recommendations and implement and continually monitoring the plan.

What are the requirements?

- To comply with industry regulations, guidelines and standards by ensuring the customer has a good understanding of the product recommended to them and that the advice provided meets the customer's needs. It is the regulators' expectation that needs analysis will be completed for all clients.
- In Quebec, there is a specific requirement to complete a fact find and needs analysis to determine the client's financial needs. This documentation must be signed and dated with a copy given to the client no later than at policy delivery.

What might the consequences of non-compliance be?

- Consumer complaints
- Lack of consumer trust and/or confidence
- License suspension or revocation
- Cancellation of carrier contract
- Disciplinary action regulators

What needs to be done?

- Provide client with appropriate disclosure and maintain copies in your customer file
- Clarify upfront the customer's expectations about the nature of service you can and will provide and note customer expectation in their file.
- Gather and document as much relevant information about the customer
- Analyze customer needs and develop suitable strategies based on the facts and information obtained from the customer.
- Document all product recommendations and professional advice.
- Inform customers about options available to them and provide information about the products recommended.
- Provide customers with a written explanation of the recommendations made (Reason Why Letter).

References for detailed information

- CLHIA "[The Approach](#)" reference document
- Life Insurance Needs Analysis Worksheet [template](#)
- [Needs Analysis course](#) offered by the Chambre de la securite financiere (available in French only)

Protecting Vulnerable Clients

The term "vulnerable client" typically refers to clients whose personal circumstances make them more susceptible to harm or financial losses. Vulnerability has many forms, such as various physical or mental factors, and it may be temporary or permanent. In some situations, it may be caused by financial illiteracy, social isolation, and difficulty managing, or an inability to manage one's affairs or cope with specific life events. It is important to identify vulnerable clients as they are more susceptible to harm and may have additional or different needs.

What are the requirements?

- Always give priority to the client's best interests
- Recommend products that are suitable, taking into account the client's disclosed personal and financial circumstances
- Disclose to the client and manage any potential or actual conflicts of interest
- Do not use coercion and undue influence to secure insurance business

What might the consequences for non-compliance be?

- Lack of consumer trust and/or confidence
- Consumer complaints or lawsuits
- Damage to reputation
- Cancellation of contract with carriers
- Disciplinary actions by regulators

What needs to be done?

- Make clients aware of the importance of protecting their financial well-being
- When communicating, start with open-ended questions, go at the client's pace, and ensure all communication is presented using plain and clear language
- Provide clients with enough time to understand the information and to make informed decisions.
- When dealing with clients who may have difficulty hearing, speak slowly, clearly, and reduce any background noise.
- Make written communication easy to read by using large font
- Refer clients to publications or websites of agencies that can provide them with information on things they can do
- Establish more frequent contact with vulnerable clients to address and question or changes to their circumstances
- Should you spot signs of financial mistreatment, assist the clients in getting the help they need.
- Document your client interactions and make sure that your files are current, correct, complete and consistent.
- Provide clients with a summary of meetings in a format that is easy to understand

*References for detailed information

- [Protecting Vulnerable Clients - A practical guide for the financial services industry¹](#)

¹ At the time of writing the Autorité des marchés financiers is the only insurance regulator to have issued guidance dealing with "vulnerable clients".

"Reason Why" Letter

The "reason why" letter is a written summary of the transaction(s) being completed, the advice given, and the rationale of why a particular recommendation was made. The "reason why" letter is an industry requirement and is part of the CLHIA Reference Document "The Approach"_ It is the final step in documenting a suitable sale.

What are the requirements?

- The following seven bullets make up the requirement of a "reason why" letter:
 - Identify the carrier and the product by brand name and type of insurance.
 - Briefly and in plain language describe the client needs that are addressed by the recommendations.
 - If the recommendation does not fully meet the client need, a plain language explanation of any gap needs to be included.
 - If the recommendation does not address certain needs, a follow-up plan to address in the future is to be included.
 - A plain language explanation of any fee structures recommended.
 - A statement telling the customer to ask questions about anything in the letter that is not clear or does not sound correct.

What might the consequences of non-compliance be?

- Consumer complaints
- Lack of consumer trust and/or confidence
- Regulatory scrutiny
- Cancellation of carrier contract

What needs to be done?

- Provide a written "reason why" letter to all clients who have purchased a product.
- Keep a copy of the "reason why" letter, to document this took place.
- Encourage customers to retain a copy of the letter for their own purposes.

References for detailed information

- ["The Approach"](#) reference document from the CLHIA

Record Keeping

Record keeping is an important part of your practice. It provides a documented history of your dealings with the client and is crucial in the event there is a disagreement or complaint against you. Some documents are required to be kept as part of your compliance obligations addressed in other sections of this Handbook (e.g. advisor disclosure, CASL consent, AML/ATF client identity verification, etc.).

What are the requirements?

- Files must be current, correct, complete and consistent. Documentation should be done concurrently with the meeting/discussion.
- To comply with any applicable legislative and industry standard requirements where applicable.

An advisor's client file should contain, at a minimum, the following:

- Needs analysis, fact find, financial plan and/or investor profile
- Copies of dated illustrations shown to client
- Any communications (email, letter, etc.) with the client
- Dated notes of any discussions in person or via telephone
- Copies of any completed forms
- Policy delivery receipt

What might the consequences of non-compliance be?

- Lack of consumer trust and/or confidence if you can't provide historical information to clients
- Consumer complaints/lawsuits
- Lack of evidence in the event of a carrier or regulator audit or complaint investigation
- Where file documentation is required by the regulator, penalties such as fines or licence suspension could occur if the documentation has not been retained.
- If you have incorrect, inconsistent or incomplete notes, all other notes may become questionable

What needs to be done?

- Have a consistent process for documenting your client interactions and make sure you and all members of your practice use it
- Understand your legislative and industry practices to determine what is required to be kept in your files.
- Make sure your files are current, correct, complete and consistent.
- Document meetings and/or discussions concurrent with the event

Templates or Examples

- Meeting/telephone log sheet example ([Appendix 5](#))

References for detailed information

- Industry organizations (Advocis, IFBC) can provide guidance on file maintenance
- See other sections of this Handbook for references for legislative and industry practice requirements

Replacement

Replacing a policy is an important decision for customers. It is important that they are provided with the information they need to have a good understanding of what you are recommending and the impact of the decision. In general, "replacement" of an existing life insurance policy occurs when life insurance is purchased and, as a result of the purchase, one or more existing life insurance contracts are rescinded, lapsed, surrendered, changed to paid up insurance or extended term insurance, placed under an automatic premium loan, or changed in any matter to effect a reduction in benefits.

What are the requirements?

- To comply with provincial regulation by completing and reviewing the applicable replacement requirements listed in [Appendix 3](#).
- Provide customers and insurers with copies of the applicable provincial replacement forms.

What might the consequences of non-compliance be?

- Lack of consumer trust and/or confidence
- Licence suspension or revocation
- Cancellation of carrier contract
- Disciplinary action by regulators

What needs to be done?

- A current needs analysis
- Reasonably ensure that recommended products meet the needs of your customer
- Keep copies of all illustrations discussed with the customer
- Clearly document all conversations with customers
- Ensure both the advantages and disadvantages of replacing the policy are explained clearly to the client and documented
- Keep copies of replacement forms and related documentation

Templates or Examples

- [Life Insurance Replacement Declaration](#)
- [Quebec Notice of Replacement of Insurance](#)

References for detailed information

- [CLHIA Replacement Disclosure Guide](#)
- Provincial regulator websites (see [Appendix 1](#) for listing and links)

Sponsorship of Licence by Empire Life

Many provincial insurance regulators require advisors to be sponsored by an insurance company under certain circumstances. As a sponsoring company, Empire Life has an increased responsibility in the eyes of the regulator when it comes to advisor suitability and monitoring.

What are the requirements?

Empire will only consider sponsoring an individual's licence under one of the following circumstances:

- Individual is part of a legitimate succession plan for a significant block of Empire Life business and is setup to receive appropriate training and supervision while moving toward succession and the licensed agent providing training and supervision agrees to report regularly on those activities using a format provided and reviewed by Empire Life.
- Individual is an existing agent with Empire Life and has demonstrated that they are using Empire Life for the bulk of their sales. They must be set up for training and supervision and the licensed agent providing training and supervision agrees to report regularly on those activities using a format provided and reviewed by Empire Life.
- Individual is new to the industry and is set up with appropriate mentoring, training and supervision and the licensed agent providing mentoring, training and supervision agrees to report regularly on those activities using a format provided and reviewed by Empire Life.

What might the consequences for non-compliance be?

- Removal of sponsorship by Empire Life
- Cancellation of Empire Life contract

What needs to be done?

- Advisors are required to submit a minimum of \$20,000 FYC annually with the bulk of the advisor's overall business submitted to Empire Life.
- Annually complete compliance certification
- Supervisor must complete the reports on training and supervision and submit regularly to Empire Life as per Empire Life's instructions
- Complete all sponsorship requirements for the province of sponsored licence

References for detailed information

- [Empire Life Information Circular 2021-18](#)
- [Request for Sponsorship form](#)

APPENDICES

Appendix 1

Provincial Insurance Regulator Websites

- **Alberta, Superintendent of Insurance**
(<http://www.finance.alberta.ca/business/insurance/index.html>)
- **British Columbia, Insurance Council of British Columbia Commission** ([Insurance Council of British Columbia | Home \(insurancecouncilofbc.com\)](http://insurancecouncilofbc.com))
- **Ontario, Financial Services Regulatory Authority of Ontario**
([Financial Services Regulatory Authority of Ontario | FSRA | Financial Services Regulatory Authority of Ontario \(fsrao.ca\)](http://fsra.ca))
- **Manitoba, Financial Institutions Regulations Branch**
(<http://www.mbfinaancialinstitutions.ca/>)
- **New Brunswick, Financial and Consumer Services Commission-Insurance Division** (<http://fcnb.ca/industry-insurance.html>)
- **Newfoundland, Superintendent of Insurance**
(<http://www.servicenl.gov.nl.ca/insurance/index.html>)
- **Northwest Territories, Superintendent of Insurance**
(<http://www.fin.gov.nt.ca/>)
- **Nova Scotia, Superintendent of Insurance**
(<http://www.novascotia.ca/finance/en/home/insurance/default.aspx>)
- **Prince Edward Island, Superintendent of Insurance**
(<http://www.gov.pe.ca/jps/index.php3?number=404page&errorCode=6&requestedURL=%2Fips%2Findex.php3%3Fnumber%3D1027253%26lang%3DE&refererURL=&lang=E>)
- **Quebec, Autorite des marches financiers**
([Autorite des marches financiers \(autorite.qc.ca\)](http://autorite.qc.ca))
- **Saskatchewan, Insurance Councils of Saskatchewan**
(<https://www.skCouncil.sk.ca/default.htm>)
- **Yukon government departments**
(<http://www.gov.yk.ca/depts/>)

Appendix 2

Continuing Education/Professional Development Requirements

Province	Reporting Period	Number of Hours Required	Carry Forward	Record Retention period
Alberta www.abcouncil.ab.ca	Annual, no later than June 30, of each year	15 hours	7.5 hours from one certificate term to the next	3 years following expire of the certificate term
British Columbia www.insurancecouncilofbc.com	June 1 to May 31 annually	15 hours	15 continuing education credits to the next licence period.	5 years
Manitoba www.icm.mb.ca	June 1 to May 31 annually	15 hours/year	No	2 years
Ontario www.fsrao.ca	Two years, at licence renewal	30 hours every licensing period	No	At least 4 years
Quebec http://www.chambresf.com/en/education/education-offers/	Two years starting on December 1 of an odd numbered year and ending November 30 of the	Ten professional development units (PDUs) in general subject, 10 PDUs pertaining to compliance with standards, ethics and business conduct* and 10 PDUs in each sector for which the representative holds a certificate issued by Autorité des marchés	Maximum of 5 PDUs pertaining to training activities in which the agent took	2 years following end of reporting period

	next odd-numbered year	<p>financiers.</p> <p>*Every 2 reference periods, a representative must accumulate 3 PDUs related to training activity developed by the Chamber and provided by it or in partnership with it in the subjects of compliance with standards, ethics or business conduct or on changes in the legal rules governing the activities covered by the authorization he holds on the 10 PDUs required.</p>	part between 1 September and 30 November of an odd-numbered year may be carried over to the following reference period.	
<p>Saskatchewan</p> <p>www.insurancecouncils.sk.ca</p>	Annually	15 hours annually	No	3 years
<p>The following jurisdictions do not have continuing education requirements: Northwest Territories, Nunavut, Yukon, Nova Scotia, New Brunswick, Prince Edward Island & Newfoundland and Labrador</p>				

* The information in the chart above is updated as Empire becomes aware of changes. Persons using this chart should refer to the website of individual regulators for additional details and possible updates.

Appendix 3

Appendix 1 Delivery Requirements

This reference document is intended to provide guidance on the type of information that should be included in a written explanation of the advantages and disadvantages of a proposed replacement.

As a convenience, the chart below summarizes requirements related to delivery of the LIRD and the written explanation (EXP) in jurisdictions in which the LIRD is accepted or required.

Agents should check relevant statutes and by-laws for complete details. As well, agents should be aware that some insurers may want either or both documents to accompany the application even if it is not required by law.

Province	Client	New Insurer	Existing Insurer	Reference
Alberta	LIRD & EXP			Alberta Reg 127/2001 s. 5
British Columbia	LIRD & EXP			B.C. Reg 327/90 s. 3
Manitoba	LIRD & EXP	LIRD		Insurance Council
New Brunswick	LIRD & EXP			NB Ins Act s. 369.1 (f)
Nfld & Lab	LIRD & EXP	LIRD & EXP	LIRD	N&L Reg 989/96 s. 74
Northwest Territories	Optional			Not applicable
Nunavut	Optional			Not applicable
Nova Scotia	LIRD & EXP			NS Ins Act s. 44
Ontario	LIRD & EXP	LIRD & EXP	LIRD	Ontario Reg 674/1990 s. 2, 2.1
PEI	LIRD & EXP			PEI Ins Act s. 376 (2) (b)
Quebec	Prescribed Form	Prescribed Form	Prescribed Form	Reg respecting pursuit of activities as a representative
Saskatchewan	LIRD & EXP			Insurance Council
Yukon	Optional			Not applicable

Notes

The Insurance Acts of the NWT, Nunavut and Yukon do not prescribe replacement disclosure. While agents may provide clients with such documentation as they deem appropriate, use of the LIRD is recommended.

Appendix 4

PRINCIPLES FOR THE SALE OF INSURANCE

A Consumer Protection Document

A copy of this Document must be provided to a purchaser of insurance on delivery of the policy contract and with any renewal or cancellation notice.

- When selling an insurance policy, the client's interests take priority over the interests of insurance companies, agents, brokers and representatives.
- The product recommended must be suitable to the client's needs.
- Consumers have a right to privacy as outlined in the federal Personal Information Protection and Electronic Documents Act (PIPEDA). In general, information will be used only for the purpose for which it was collected, unless the client provides proper authorization, and except as permitted by law.
- An insurance company cannot cancel or non-renew coverage or increase a premium for an incident which results in no claim being paid.
- Consumers have a right to know the insurance companies an agent, broker or representative represents for the product being sold.
- Consumers have a right to know any conflicts or potential conflicts of interest the agent, broker or representative may have.
- Consumers have a right to know ownership and financing arrangements between agents, brokers or representatives and insurance companies they represent.
- Consumers have a right to know compensation arrangements that agents, brokers, or representatives have for the product purchased, including the amount of commission being paid for the transaction.
- Consumers have a right to know in writing why any insurance coverage has been denied, non-renewed or cancelled and any notice period required by law to cancel the policy.
- Consumers have a right to know the complaint resolution process of the insurance company.
- At point of sale or renewal an agent, broker or representative must provide the following information:
 - The full range of deductibles available and the cost of insurance applicable with each of the deductibles.
 - The various coverages available, the cost of these coverages and any discounts available.
 - The total premium of all quotations obtained for the product being sold, and, upon request, a detailed breakdown by coverage of the premiums quoted.
 - Upon request, the above information is to be provided in writing.
- For further information concerning your rights and responsibilities you may contact:
The Office of the Superintendent of Insurance
Phone – 729-2602 or 729-2623, Fax – 729-3205
E-mail – GSLInfo@gov.nl.ca , Web site – www.gs.gov.nl.ca

Appendix 5

Meeting/Telephone Call Log Sheet Example

Name of Client:

Date and Time	Call or Meeting?	Details of Discussions	Actions
<i>Example</i> 12 June 2015 3:30	Call	James Smith called me to ask about increasing his insurance to cover an increase in mortgage since he and his wife are purchasing a new house.	Plan to meet on Tuesday June 16 to discuss further

Appendix 6

Other Employment/Business Activities by provincial requirements

	Part-Time Permitted?	Other Occupations, General	Other Occupations, Financial Services
British Columbia	Yes Depending on the OBA, there could be licence conditions or restrictions.	Agents may engage in another occupation provided no conflict of interest or the possibility of undue influence arising. List of other occupations considered by Council is available on Council's website.	No prohibition on agents engaging in sale of other financial services (except if the licensee is operating from a savings institution and that position grants him/her decision-making authority where there is potential to exert undue influence)
Alberta	Yes Case by Case basis	Agents may engage in another occupation provided no conflict of interest, or not in position of coercion or undue influence.	No prohibition on agents engaging in sale of other financial services but mortgage brokers must not be officers or employees of a lender
Saskatchewan	Yes	Agents may engage in another occupation provided no coercion or undue influence	No prohibition on agents engaging in sale of other financial services
Manitoba	Yes	Agent may engage in another occupation provided no conflict of interest or undue influence is evident (Letter of Undertaking may be required)	No prohibitions on engaging in sale of other financial services. Must operate and have an access separate and distinct from any financial institution other than a licensed insurance company.
Ontario	Yes Case by Case basis	Agent may not engage in occupations which would jeopardize the agent's integrity, independence or competence.	No prohibitions on agents engaging in sale of other financial services
Quebec	Yes	There must be no conflicts of interest. Specifically incompatible occupations prescribed in regulation	There must be no conflicts of interest.
Newfoundland and Labrador	Yes, but restricted, new licensees are required to work a minimum of 21 hrs. per week.	No conditions.	No prohibitions on agents engaging in sale of other financial services.
New	Yes, however,	Permitted, but the Superintendent	Permitted, but the Superintendent

Brunswick	agents are required to work a minimum of 20 hours per week.	must review to ensure that agent's integrity, independence or competence is not jeopardized.	must review to ensure that agent's integrity, independence or competence is not jeopardized.
Prince Edward Island	No	Agents only permitted to engage in sale of financial services.	Agents not permitted to sell real estate. No other prohibitions on agents engaging in sale of financial services.
Nova Scotia	Yes, with the approval of the Superintendent	Agents may engage in another occupation provided no undue influence or conflict, with the approval of the Superintendent.	No prohibitions on agents engaging in sale of other financial services.
Yukon	Yes	No conditions.	No prohibitions on agents engaging in sale of other financial services.
Nunavut	Yes	Agents may engage in another occupation provided no conflict of interest.	Life agents may not work as mortgage brokers. Mutual funds and Real Estate are regulated by other legislation.
Northwest Territories	Yes	Agents may engage in another occupation provided no conflict of interest.	Life agents may not work as mortgage brokers. Mutual funds and Real Estate are regulated by other legislation.

