



Are You Ready for a Compliance Review?

Presented by: Distribution Practices

Insurance & Investments
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Agenda



-  Who is Auditing?
-  CLHIA's Advisor Practice Review (APR) Survey
-  Regulatory and Industry Requirements
-  Compliance Report
-  Resources and Templates

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Who is Auditing?



- **FINTRAC**
- **Provincial Insurance Regulators**
- **Insurance Carriers**

- FINTRAC= Financial Transaction and Reports Analysis Centre of Canada
- Established in 2000
- Its mandate is to facilitate the detection, prevention and deterrence of money laundering and the financing of terrorist activities, while ensuring the protection of personal information under its control.
- Receives Information from **regulated entities**, which includes Life insurance companies, or entities that are **life insurance brokers or agents**.
- Ensures compliance obligations under the Proceed of Crime (Money Laundering) and Terrorist Financing Act through surveys and audits.

Provincial Insurance Regulators



- Confirm advisors are meeting their regulatory requirements.
- Confirm advisor are meeting industry standards & best practices.
- Information is shares between provinces through the Canadian Council of Insurance Regulators (CCIR).



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Insurance Carriers



In 2016, through the CLHIA, a standardized set of requirements were created along with a standard questionnaire to assess advisor compliance in our industry.

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August, 2017

**Reference Document:
CLHIA STANDARDIZED ADVISOR PRACTICE REVIEW FOR USE
IN THE MGA CHANNEL**

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Reference Document:
CLHIA Standardized Advisor Practice Review

CLHIA Standardized Advisor Practice Review for Use in the MGA Channel

Instructions

Introduction

The Standardized Advisor Practice Review for Use in the MGA Channel (APR) is a standardized survey template that complements the CLHIA Reference Document *Insurer Systems for Monitoring Statutory Compliance of Advisors*. The APR is intended to assist in the ongoing assessment of advisor compliance in the MGA channel.

This survey will be reviewed and updated on an as-needed basis to reflect changes in industry practices, new statutory requirements and interpretations with respect to the applicability of existing statutory requirements.

Use by the Company

Companies should check the CLHIA website to confirm that the current version is being used.

If a Company does not wish to receive a response to a specific question or group of questions, the Company may mark "Not Applicable" in the answer field

Apart from adding "Not Applicable" in the answer field, the questions in Sections 1 cannot be added to or otherwise modified.

If a Company wishes to ask additional questions, these should be added in Section 2. Similarly, Companies should conduct random checks of advisor files to confirm they have adequate documentation related to the required disclosures and evidence of needs-based sales practices, including a fact find, written needs-analysis and "reason-why" letter.

Use by the advisor

Some of the questions can be answered with checks or filling in blanks. Many of the questions require brief written descriptions of policies or procedures or attachments.

It is generally assumed that advisors will have written policies and procedures that address the matters covered in this survey and should submit copies of such with their responses.

Where the advisor has a comprehensive set of up-to-date written policies and procedures, it will generally be sufficient to attach these and note beside each question in the APR the relevant section in the policies and procedures that addresses the question. Where the advisor does not have written policies and procedures or the policies and procedures do not address the specific question, a written description of relevant practices should be provided in the response.

Generally, there are no "correct" answers. An advisor's response to a specific question will be interpreted within the context of the advisor's overall practices and the Company's expectations regarding compliance practices.

If gaps are identified, there is an expectation that Companies and advisors will work together to develop a remediation plan to close the gaps.

Reference Document:
CLHIA Standardized Advisor Practice Review

Section 1.

Question	Response
1. Full legal name of the advisor.	
2. In which jurisdictions do you currently hold insurance licenses? Check all that apply.	Alberta <input type="checkbox"/> Nunavut <input type="checkbox"/> British Columbia <input type="checkbox"/> Ontario <input type="checkbox"/> Manitoba <input type="checkbox"/> PEI <input type="checkbox"/> New Brunswick <input type="checkbox"/> Quebec <input type="checkbox"/> Newfoundland & Labrador <input type="checkbox"/> Saskatchewan <input type="checkbox"/> NWT <input type="checkbox"/> Yukon <input type="checkbox"/> Nova Scotia <input type="checkbox"/>
3. If you have answered yes to being licensed in any of the following provinces: BC, Alberta, Saskatchewan, Manitoba, Ontario, Quebec: Please confirm that you completed the required continuing education (CE) hours for your most recent license renewal.	Yes <input type="checkbox"/> If yes, please provide copies of completed CE credits used for your last License renewal. No <input type="checkbox"/> If no, please provide specific details as to why this requirement was not met.
4. Is your errors & omissions (E&O) insurance valid, up-to-date and in-force in all of the jurisdictions in which you operate?	Yes <input type="checkbox"/> If yes, please provide a copy. No <input type="checkbox"/> If no, please provide specific details as to why this requirement was not met.
5. Are your written policies and procedures related to privacy complete and up-to-date?	Yes <input type="checkbox"/> If yes, please attach the following: a) Copy of your privacy policy, including your privacy breach response procedures; and b) Copy of your privacy consent template. No <input type="checkbox"/> If no, please provide specific details as to why this requirement was not met.
6. Are your written policies and procedures related to AML-ATF, including AML-ATF risk assessment, complete and up-to-date?	Yes <input type="checkbox"/> If yes, please provide copies. No <input type="checkbox"/> If no, please provide specific details as to why this requirement was not met.
7. Are your advisor disclosure processes for managing conflicts of interest up-to-date and used consistently?	Yes <input type="checkbox"/> If yes, please attach a copy of your advisor disclosure template or standard advisor disclosure letter. No <input type="checkbox"/> If no, please provide specific details as to why this requirement was not met.

Reference Document:
CLHIA Standardized Advisor Practice Review

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Question	Response
8. Have you incorporated needs-based sales practices, including a fact find, written needs-analysis and "reason-why" letter into your business activities?	met. Yes <input type="checkbox"/> If yes, please describe the process and/or programs used and provide any copies of templates used. No <input type="checkbox"/> If no, please provide specific details as to why this requirement was not met.

Doing Business in Quebec

Firms and representatives registered to sell insurance products in Quebec are subject to specific statutory requirements.

Question	Response
9. How do you make sure client records are maintained (or kept) in Quebec and/or readily available at the principal office in Quebec?	
10. Do you have a policy for Client Complaint Handling?	Yes <input type="checkbox"/> If yes, attach a copy of the filing provided to the AMF. No <input type="checkbox"/> If no, describe the process
11. Are your policies and procedures available in French?	Yes <input type="checkbox"/> No <input type="checkbox"/> If no, please provide specific details as to why this requirement was not met.

Reference Document:
CLHIA Standardized Advisor Practice Review

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Section 2.

This section is reserved for additional questions an individual Company may wish to ask. These questions may relate to one of the previous questions or to other matters of interest to the Company.

Question	Response															
1. Do you have written policies and procedures, including standard consent form in place to comply with the requirements of Canada's Anti-Spam Legislation (CASL)?	Yes <input type="checkbox"/> If yes, please attach a copy of your policies and procedures and standard consent form. No <input type="checkbox"/> If no, please provide specific details as to why this requirement was not met.															
2. Do you have a written complaint handling procedure?	Yes <input type="checkbox"/> If yes, please attach a copy written complaint handling procedure. No <input type="checkbox"/> If no, please provide specific details as to why this requirement was not met.															
3. Please provide Empire Life with evidence of the following compliance requirements for each of the policies listed: <ul style="list-style-type: none">• Advisor Disclosure• Privacy Consent• Needs Analysis/Fact Find• CASL Consent• Reason Why Letter• Policy Delivery Receipt (Quebec only)																
<table border="1"><thead><tr><th>Policy</th><th>Policy Status</th><th>Policy Owner Name</th></tr></thead><tbody><tr><td> </td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td></tr></tbody></table>	Policy	Policy Status	Policy Owner Name													
Policy	Policy Status	Policy Owner Name														

Attestation

I attest that I have knowledge of the information provided in this APR and attest that it, together with any documentation I have submitted as part thereof, fairly represents the policies and procedures I follow in my work as a licensed advisor and is, to the best of my knowledge, true, complete and accurate.

[Name of Advisor] _____

[title and email address] _____

Signature: _____

Date: _____

CLHIA's Advisor Practice Review (APR) Survey



1. Full legal name of the advisor
2. In which jurisdictions do you currently hold insurance licenses?
3. If you have answered "yes" to being licensed in any of the following provinces: British Columbia, Alberta, Saskatchewan, Manitoba, Ontario & Quebec:

Please confirm that you have completed the required continuing education (CE) hours for your most recent licence renewal.

Continuing Education/Professional Development Unit Requirements



What are the requirements?

- Know and comply with the requirements with each regulator for the jurisdictions you are licensed.
 - Reporting Period
 - Number of required hours
 - Carry forward
 - Record retention period

Province	Reporting Period	Number of Hours Required	Carry Forward	Record Retention period
Alberta www.abccouncilab.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.icmb.ca	June 1 to May 31 annually	15 hours/year	No	2 years
Ontario www.fsrso.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 next odd-numbered year	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 financiers. *Every 2 reference periods, a representative must accumulate 3 PDUs related to training activity developed by the Chamber and provided by it 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.	Maximum of 5 PDUs pertaining to training activities in which the agent took part between 1 September and 30 November of an odd-numbered year may be carried over to the following reference period.	2 years following end of reporting period
Saskatchewan www.insurancecouncils.sk.ca	Annually	15 hours annually	No	3 years

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CLHIA's Advisor Practice Review (APR) Survey



4. Is your errors & omissions (E&O) insurance valid, up-to-date and in-force in all of the jurisdictions in which you operate?

Yes If yes, please provide a copy.

No If no, please provide specific details as to why this requirement was not met.

Errors & Omissions (E&O) insurance



What are the requirements?

- Know and comply with the requirements with each regulator for the jurisdictions you are licensed.
 - Is it mandatory?
 - Are there exemptions?
 - Required coverage amounts?
 - Is fraud insurance required?
 - Is tail/extended insurance required?
- It is an Empire Life contractual requirement.

CLHIA's Advisor Practice Review (APR) Survey



5. Are your written policies and procedures related to privacy complete and up-to-date?

Yes If yes, please attach the following:

a) Copy of your privacy policy, including your privacy breach response procedures; and

b) Copy of your privacy consent template

No If no, please provide specific details as to why this requirement was not met.

Privacy



Businesses that deal with Canadian residents' personal information should also be aware of all Canadian provincial privacy laws that may apply to them, such as Alberta's Personal Information Protection Act, British Columbia's Freedom of Information and Protection of Privacy Act, and Quebec's Act respecting the protection of personal information in the private sector.

The Personal Information Protection and Electronic Documents Act (PIPEDA) is Canada's primary federal privacy law designed to protect Canadian residents' personal data.

- Privacy Policy
- Privacy Consent Form
- Privacy Breach Procedure

For advisor use only.

What are the requirements?

- Comply with the applicable privacy legislation in protecting customers' personal information.
- Creation and implementation of a privacy policy.

PIPEDA Fair Information Principles	
Accountability	Accuracy
Identifying Purposes	Safeguard
Consent	Openness
Limiting Collection	Individual Access
Limiting Use, Disclosure, and Retention	Challenging Compliance

- Have your privacy policy available to customers.

Privacy Breach Procedure



What are the requirements?

- Comply with the applicable privacy legislation in protecting customers' personal information.
- Creation and implementation of a written privacy breach procedure.
 - Four Key Steps
 - Breach containment and preliminary assessment
 - Evaluation of risks associated with the breach
 - Notification
 - 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.

Privacy Consent Form



What are the requirements?

- Comply with the applicable privacy legislation with respect to obtaining meaningful consent.
- Create and implement a privacy consent form that includes the following 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 (MGA, office staff)
 - 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
- Allow individuals to withdraw consent (subject to legal or contractual restrictions)
- **ALWAYS** obtain meaningful consent when you collect, use or disclosure a customers personal information and save a copy of the customers signed consent form in their file.

CLHIA's Advisor Practice Review (APR) Survey



6. Are your written policies and procedures related to AML-ATF, including AML/ATF risk assessment, complete and up-to-date?

Yes If yes, please provide copies.

No If no, please provide specific details as to why this requirement was not met.

AML/ATF Policies and Procedures



What are the requirements?

- Comply with the Proceeds of Crime (Money Laundering) and Terrorist Financing Act.
- Create and Implement an Anti-Money Laundering and Anti-Terrorist Financing (AML/ATF) **compliance program** that includes the following five elements:
 1. The appointment of a compliance officer
 2. Development and application of written policies and procedures
 - Compliance program
 - Know your client
 - Business relationship and on-going monitoring
 - Record Keeping
 - Reporting
 3. Risk assessment, documentation of risks and measures to mitigate high risks
 4. Implemented and documented on-going training program
 5. Documented review of effectiveness of above requirements

CLHIA's Advisor Practice Review (APR) Survey



7. Are you advisor disclosure processes for managing conflicts of interest up-to-date and used consistently?
- Yes If yes, please attach a copy of your disclosure statement template or standard advisor disclosure letter.
- No If no, please provide specific details as to why this requirement was not met.

Advisor Disclosure Statement



What are the requirements?

- Comply with industry regulations, guidelines and standards by disclosing in writing prior to a sales transaction, the following seven elements:
 1. Licences held (and jurisdictions)
 2. companies that the advisors represent
 3. nature of relationship with the companies represented
 4. how the advisor is compensated
 5. if advisor is or may be eligible for additional compensation (e.g. travel incentive)
 6. conflict of interest
 7. invitation to the client to ask for more information
- Keep a copy of the written disclosure, signed by the client, to documents this took place.

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CLHIA's Advisor Practice Review (APR) Survey



8. Have you incorporated needs-based sales practices, including a fact-find, written needs analysis and "reason why" letter into your business activities?

Yes If yes, please describe the process and/or program used and provide any copies of templates used.

No If no, please provide specific details as to why this requirement was not met.

Needs-Based Sales Practices/Tools



What are the requirements?

- Comply with industry regulations, guidelines, and standards.
- Review and follow the seven sales practices outlined in CLHIAs Reference Document: The Approach: Serving the Client Through Needs-Based Sales Practices
 - Advisor Disclosure
 - Client Expectations
 - Fact-finding
 - Needs Assessment
 - Recommendations and Advice
 - Reason Why
 - Product Information

Doing Business in Quebec

Firms and representatives registered to sell insurance products in Quebec are subject to specific statutory requirements.

9. How do you make sure client records are maintained (or kept) in Quebec and/or readily available at the principal office in Quebec?

CLHIA's Advisor Practice Review (APR) Survey



Doing Business in Quebec

Firms and representatives registered to sell insurance products in Quebec are subject to specific statutory requirements.

10. Do you have a policy for Complaint Handling?

Yes If yes, attach a copy of the filing provided to the AMF.

No If no, describe the process

Complaint Handling



What are the requirements?

- Document and implement a complaint policy to ensure fair and impartial examination of complaints
 1. Purpose of the policy
 2. Contact information of person in charge
 3. Definition of a complaint
 4. Receipt of the complaint
 5. Complaint log and creation of the complaint file
 6. Description of your complaint examination process
 7. Transferring a compliant file to the AMF
 8. Complaint reporting obligation

CLHIA's Advisor Practice Review (APR) Survey



Doing Business in Quebec

Firms and representatives registered to sell insurance products in Quebec are subject to specific statutory requirements.

11. Are your policies and procedures available in French?

Yes

No If no, please provide specific details as to why this requirement was not met.

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CLHIA's Advisor Practice Review (APR) Survey



Section 2.

This section is reserved for additional questions an individual Company may wish to ask. These questions may relate to one of the previous question or to other matters of interest to the Company.

1. Do you have written policies and procedures, including standard consent form in place to comply with the requirements of Canada's Anti-Spam Legislation (CASL)?

Yes If yes, please attach a copy of your policies and procedures and standard consent form.

No If no, please provide specific details as to why this requirement was not met.

Canada's Anti-Spam Legislation (CASL)



What are the requirements?

- Follow the principles outlined by the Canadian Government on sending Commercial Electronic Messages (CEM)
- Create and implement an anti-Spam policies and procedures and standard consent form.
- Obtain and document express consent from exiting clients.
- Identify yourself and your business, clearly in each message, and the name on whose behalf you are sending the CEM.
- 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.

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CLHIA's Advisor Practice Review (APR) Survey



Section 2.

This section is reserved for additional questions an individual Company may wish to ask. These questions may relate to one of the previous question or to other matters of interest to the Company.

2. Do you have a written complaint handling procedure?

Yes If yes, please attach a copy of your written complaint handling procedure

No If no, please provide specific details as to why this requirement was not met.

Complaint Handling



What are the requirements?

- 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
- Depending on the type of complaint, contact your E&O provider
- Notify your MGA and the insurance carrier, if any.

Client File Review



Section 2.

This section is reserved for additional questions an individual Company may wish to ask. These questions may relate to one of the previous question or to other matters of interest to the Company.

3. Please provide Empire Life with evidence of the following compliance requirements for each of the policies listed:

- Advisor Disclosure
- Privacy Consent
- Needs Analysis/Fact Find
- CASL consent
- Reason Why Letter
- Policy Delivery Receipt (Quebec only)

Policy	Policy Status	Policy Owner Name

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Compliance Report



COMPLIANCE REVIEW ASSESSMENT

Reset Form

Name of Advisor Charlie Brown	Date (dd/mmm/yy) 4/09/2023
Location of license(s) held Québec	

SECTION 1 - E&O and Continuing Education (Questions 3 & 4)

Requirements	Documents Provided?	Observations	Recommendations
Proof of CE	N/A	As your primary licence is in Quebec and proof of Continuing education (CE) must be formally submitted to the regulator, we do not require you to provide proof of CE.	No recommendations at this time.
Proof of up-to-date E&O	Yes	Your E&O certificate confirms that you hold the required amount of E&O insurance.	No recommendations at this time.

Privacy (Question 5)

Requirements	Documents Provided?	Observations	Recommendations
Privacy policy	No	The question, are your written policies and procedures related to privacy complete and up-to-date was answered "no".	Create and implement a privacy policy that meets the requirements under the Act Respecting the Protection of Personal Information in the Private Sector (the "Privacy Act")
Privacy breach procedure	Yes	Your privacy breach procedure contains the four key steps in responding to a privacy breach and the regulatory changes that took effect on November 1, 2018.	No recommendations at this time.
Privacy consent	Yes	The privacy consent includes what personal information (PI) is being collected, with which parties the PI is being shared, for what purposes the PI is collected, used or disclosed, and the client's right to access their PI.	No recommendations at this time.

Policies reviewed	Documents Provided?							Observations
	Advisor disclosure	Privacy consent	Fact-find	Needs analysis/risk tolerance	Reason why letter	CASL consent	Policy delivery receipt (QC only)	
FA000000L	No	No	Yes	Yes	No	N/A	Yes	
40000000	No	No	Yes	Yes	No	N/A	N/A	

Recommendations
 We recommend that you implement the following sales practices, effective immediately:

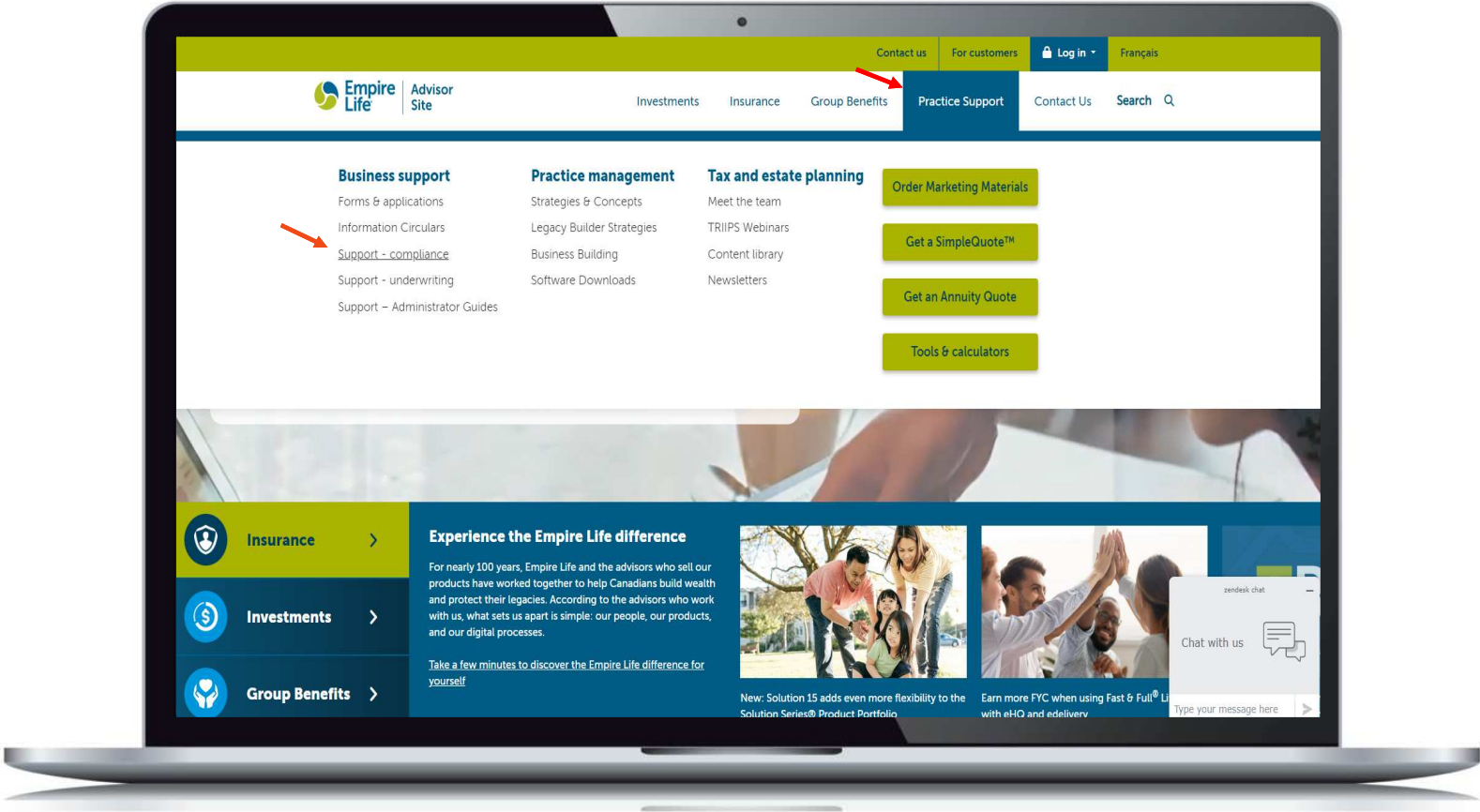
- Prior to a sales transaction, provide all customers considering the purchase of a life or health insurance product with a copy of your disclosure statement and keep a signed copy for your file.
- Obtain meaningful consent when you collect, use or disclosure customers personal information.
- Complete fact-finds, needs analysis and risk tolerance questionnaires.
- Keep notes to demonstrate the rationale for the recommendations made.
- Provide customers with a written explanation of recommendations made. A "reason why" letter is a brief summary relating the information provided by the client and the recommendation you made.

I recommend you review and follow the seven sales principles outlined in the attached CLHIA reference document "The Approach".

Name of Distribution Practices Consultant Sarah Handley
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Reference Documents & Templates



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Questions?

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Disclaimer



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