



Ready to show FSCO you're compliant?

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Agenda

- What do their 'reviews' cover?
- Where to find help
- Don't get lax on AML compliance!

“Information request listing”

- Educational certificates such as the Life License Qualification Program (LLQP)
- Copy of your Errors and Omissions Insurance Certificate
- Evidence of completion of at least 30 hours of continuous educational training in the prior two years
- Samples of advertising and promotional material used in the sale of life insurance products including segregated funds

More information requested...

- Policies and procedures manual
- Documented selling process internally developed by the agent, or developed by the insurer the agent represents
 - Access to all life insurance product files (client files) that have been sold in the last year to date
- Additional documents that support compliance with policies and procedures, may be requested during the examination

Compliance

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What's New



- BridgeForce Compliance News -> [Are you ready for a FSCO compliance review?](#) (November 2015)
- BridgeForce Compliance News -> [The Approach \(Needs-based sales practices\)](#) (September 2015)
- BridgeForce Compliance News -> [Requirements to promote syndicated mortgages in Ontario](#) (September 2015)
- BridgeForce Compliance News -> [Reminder: FSCO needs updated E&O information](#) (August 2015)

Needs based sales process



General Principle of the CLHIA's *Approach**

The recommended product or service must be appropriate for the needs of the client as determined by a needs-based assessment done by the advisor and/or as identified by the client. We've included tools that can be used at each stage in the sales process. These and many more tools can be found on the Compliance section of our website, www.bridgforcefinancial.com

*The Supporting elements of the sales process are from *The Approach*, as of January 2015; first published Oct. 2007, at www.clhia.ca/advisor

Supporting elements	Commentary	Related templates/tools
1. Disclosure to Client The consumer should be provided with information about the range of products and services the advisor can sell.	<ul style="list-style-type: none"> understanding the companies the advisor represents and range of products he/she can sell helps the client in assessing if the advisor is likely to offer objective recommendations how much information is provided may vary by transaction, e.g., when a client calls a call <u>centre</u> to place an order vs when an advisor representing a number of companies and products sits down with a potential client broader disclosure provided by advisor disclosure protocol introduced in 2005, including how advisors are compensated, potential conflicts of interest, and consumer's right to additional information 	<p>Advisor disclosure</p>  <p>Disclosure-Form-for-Compensation 2015.c</p> <p>Privacy & CASL consent</p>  <p>Advisor-Privacy-State ment-and-Customer-</p>

What about seg funds you ask?

of brochures			
Specific to segregated funds: CLHIA Reference Document IVIC Suitability – needs based sales practices	This document explains how the process described in <i>The Approach, above</i> , can be applied to sales of IVICs. The industry practices described within are intended to clarify the features of an IVIC to the needs of a client.	 CLHIA Ref doc IVIC NB Sales Practices.pdf	 CLHIA seg fund POS disclosure.pdf

More the same than different

Your fact finding determines:

- the kinds of investment fund appropriate to the client's situation (mutual or segs)
- Guarantees (death, maturity, income)
- Investment options (risk, liquidity, tax issues, etc.)

Point of sale disclosure

-Jan. 2011

-implement principles established by the Joint Forum of Financial Market Regulators to harmonize disclosure practices for mutual funds and segregated funds.

Key requirements

The Information Folder must be delivered to the client before he or she signs the application for the IVIC. This requirement is unchanged from current practices.

The Information Folder must contain a Key Facts document that briefly describes the key features of the contract.

Fund Facts documents for each segregated fund available under the contract must be delivered with the Information Folder. The Fund Facts documents may be physically included in the Information Folder or delivered separately.

Key requirements

The client may choose to receive these disclosure documents either physically (in person, mail, or fax) or electronically (e-mail or viewed by the client on-line).

The client must sign acknowledging receipt of these documents. This requirement is unchanged but the acknowledgment may be modified to include a reference to the Fund Facts documents.

The insurer must offer a two-day rescission right (i.e., free exit) that applies to the decision to enter into the contract and/or any fund selection

Lots of talk, rumors & some truths

- More disclosure and transparency like mutual fund world
- Disclosure of commissions
- Elimination of DSC fees
- Loss of the independent channel
- Treating customers fairly

FSCO's interested in your AML program

- Be sure to keep this alive and well in your practice.
- BridgeForce is
- You may be hearing more from our staff

Anti-money laundering risks

- Training and communicating our policies and procedures to staff in 2015
- Staff are using a new checklist
- Identifying, monitoring and managing risks

Red flags

Calling for heightened monitoring or investigation – AML or market conduct

- deferred sales charges incurred due to early surrenders
- surrenders within six (6) months
- excess withdrawals
- product switches, e.g., from mutual funds to segregated funds

Red flags

- frequent transactions (excluding those in systematic plans)
- movement between internal policies and/or external organizations within a short period of time, typically six (6) months, one (1) and two (2) years
- leveraging
- deviations from normal sales patterns

BFG responsibilities

- MGAs do not establish business relationships with clients.
- As part of our record-keeping requirements, we must make a reasonable effort to ensure information is provided by the Advisor (records are kept, for both our sakes)
- MGAs work on a **best efforts basis** to ensure that the Advisor has collected the records needed for compliance.

AML compliance regime

- Responsible for a process that ensures a “reasonable effort”
- We must maintain records, copies of the emails and other evidence of that effort.
- It may be that our attempt to obtain the record from the Advisor is the only record we will have.



“words, thoughts, intentions
and ideas are of little use
without action”

SEE YOU IN MARCH!