



**MyLegacy**  
INSURANCE SERVICES

ADVISOR  
CODE OF CONDUCT



# ADVISOR CODE OF CONDUCT

## MYLEGACY INSURANCE SERVICES – ADVISOR CODE OF CONDUCT

This Code of Conduct sets out the standards to which, as a member of the Canadian Association of Independent Life Brokerage Agencies (CAILBA), we expect our Associate General Agents and brokers (collectively “Advisors”) to adhere in their dealings with customers and in representing insurers. The Code supplements and reinforces but does not replace industry association, provincial regulatory and insurer codes of conduct to which the Advisor may already be subject and forms part of the contract between the Advisor and the CAILBA member.

### **The Principles**

The Advisor will be diligent and at all times will act with integrity, in the customer’s best interests and in accordance with both the letter and the spirit of the laws that apply. The Advisor also agrees to adhere to the following Obligations and Prohibitions.

### **Advisor Obligations**

#### **Place the Customer’s Best Interests First:**

At all times the Advisor will place the customer’s best interests before his or her own interests. Recommendations will be for the appropriate amount of coverage, product, strategies and concepts that best meet the customer’s circumstances. The Advisor will provide service, advice or information only where the Advisor is competent to do so, not offering legal or other professional advice outside the scope of his/her knowledge or professional standing.

#### **Hold Out Appropriately:**

The Advisor will not hold out as being a representative of the CAILBA member and will use only marketing materials approved by the member. Any Advisor-generated materials



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(including letters, sales aids, web sites, newspaper and radio ads, seminar presentations or presentations using PowerPoint or similar software) that include the either/or the member's or an insurer's company name or corporate logo must be approved by the member and the insurer. The Advisor will:

- Ensure his/her license is posted in a publicly visible place, where the law requires this.
- Hold out under the name on the license unless provincial regulation allows otherwise.
- Not mislead as to qualifications or the nature of business being conducted.
- Avoid terms that indicate meaningful specialized training and competency unless the Advisor has actually achieved the claimed level of training and/or competency.
- Not claim to have "associates" unless there is at least one licensed individual with equal or better qualifications.
- Not hold out as a financial planner unless holding a planning designation recognized by the Financial Planning Standards Council.
- Ensure that letterhead, business cards and proposals include the name of the sponsoring insurer if the license is sponsored and one of the following titles:
  - Life Insurance Agent
  - Life Agent
  - Life Insurance Broker
  - Life Broker
  - Life Underwriter
  - Chartered Life Underwriter (if you hold the CLU designation)
  - Financial Security Advisor (Quebec)
  - Financial Planner (Quebec only, with appropriate license).



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## **Make Needs-Based Recommendations:**

The Advisor will make a diligent and business-like effort to analyze the customer's needs, objectives and financial circumstances in order to determine the appropriateness of the product and/or other recommendations being made. The Advisor will base recommendations solely on the established needs of the customer after gathering facts on which to base such recommendations, considering the customer's financial position, tolerance for risk and other relevant concerns. Any recommendations will be documented through the use of fact finders, needs analyses or other means and retained in the file.

## **Make Clear and Accurate Representations:**

The Advisor will:

- Make clear, relevant, honest, complete and factual representations.
- Sell products and make other recommendations on their merits.
- Refrain from engaging in defamation of competitors or their products and services.
- Explain accurately and fully the terms and conditions of products, including both guaranteed and non-guaranteed values and features, and the risks and limitations associated with any advice or other recommendations.

## **Provide Full Disclosure:**

In accordance with industry guidelines and best practices, the Advisor will disclose in writing

- The insurers that the Advisor represents.
- The fact that the Advisor is an independent broker.
- How the Advisor is compensated.
- Whether the Advisor is eligible for additional compensation (cash or non-monetary, such as travel incentives) based on factors such as volume of business placed in a specific period of time.

- Any real or potential conflicts of interest. Where avoidance of conflict is not possible and where it is not already prohibited, the Advisor will provide disclosure prior to entering into a sale or making a recommendation.
- The fact that the customer has a right to ask for more information.
- Any fees charged for services in addition to commissions. (A written agreement should be in place in order to charge fees).
- Any commission splits (Quebec).

It is highly advisable for the Advisor to sign the disclosure and ask the customer to sign as well, providing one copy to the customer and maintaining one copy in the customer file.

### **Provide Segregated Fund Point of Sale Disclosures:**

The Advisor will:

- Deliver the Information Folder and Fund Facts documents for each segregated fund available under the contract to the customer before he or she signs the application for the IVIC. The customer 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).
- Require the customer to sign acknowledging receipt of these documents.
- Ensure that the customer is aware of the rescission right provided by the insurer.

### **Use Only Approved Sales Illustrations:**

The Advisor will comply with the CLHIA Guidelines (attached) for Individual Life Insurance Illustrations and use only approved illustration software to illustrate an insurer's products to customers and prospects. It is highly recommended that the Advisor submit illustrations that are signed by both the applicant and the Advisor with all applications that

are submitted. Universal Life illustrations that match the sale that was made, including the details contained in the application, are required.

### **Avoid Conflicts of Interest:**

A conflict exists when a reasonable person would suspect or believe that an activity or relationship places the Advisor's interests in conflict with the interests of the customer. See "Exercising Discretionary Authority" below. Wherever possible, the Advisor will avoid all real and perceived conflicts of interest.

### **Recommend Replacements Only When it is Appropriate to Do So:**

While it is not by itself evidence of unsuitable conduct, a replacement should only be undertaken when it is in the customer's best interests. The Advisor must be able to demonstrate the appropriateness of any replacement.

The Advisor is expected to be familiar with and adhere fully to the provincial regulations that apply, regardless of whether the replacement is internal or external.

### **Recommend Leveraging Only When it is Appropriate to Do So:**

Prior to recommending a leveraged transaction, the Advisor will determine that leveraging is appropriate for the customer, given risk tolerances and personal circumstances. This requires the Advisor to ensure that the customer:

- Understands and accepts the increased risks and servicing requirements of leveraged investing.
- Has received all required disclosure and point of sale documents including an illustration where required.
- Has a long-term investment objective or intends to speculate and understands the associated risks?

- Has the capacity to sustain losses and repay the remaining loan balances if the plan needs to be unwound and understands their obligations under the loan.
- Has appropriate investment knowledge based on the type of leverage applied for and the customer's existing investment portfolio.
- Can tolerate the added risk of leveraged investing.
- Has the financial capability to service loan interest, taxes and principle repayments without drawing on the leveraged program or selling other long-term investments or assets.

### **Obey the Rules for Referrals and Referral Fees:**

Referral arrangements consist of a flat fee paid for each lead or prospect, regardless of whether a sale eventually occurs. These payments cannot be contingent upon a sale and cannot be a percentage of the commission earned unless the payment is being made to another licensed individual. The Advisor will disclose details of referral arrangements to customers.

### **Obey the Rules for Commission Splitting:**

Commission splitting consists of the payment of a fee or an exchange of something of value that is based on a percentage of commission earned on a sale and/or is contingent on the sale of a life insurance product. Before splitting commissions with another Advisor, the Advisor will ensure that person is appropriately licensed where necessary in order to receive the split. The Advisor will disclose details of commission splitting to customers.

### **Protect Privacy & Confidentiality:**

The Advisor has a duty to protect the confidentiality of information provided and the privacy of those who provide it. As required by PIPEDA, the Advisor will establish a Compliance Program that includes:

- Naming a Compliance Officer



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- Written Privacy Policies and Procedures including
- Receiving and Processing Access Requests
  - Receiving and Responding to Inquiries and Complaints
  - Safeguarding Information
  - Privacy Breach Procedures
- Procedures for regular assessment of the privacy Program
- Ongoing training of Advisor and staff

The Advisor will:

- Use only lawful means to collect personal information.
- Inform the customer what information must be disclosed in order to conduct business on the customer's behalf.
- Obtain confidential information regarding a customer's personal or business affairs only directly from, or with the permission of the customer.
- Obtain written consent from the customer to collect personal information, which includes notice of information sharing with the MGA. The Advisor will not rely exclusively on the consents that insurers obtain on their applications.
- Not disclose information concerning the customer to any third party without the customer's written authority to do so.
- Disclose information when it is required by order of lawful authority.
- Protect all personal information about a customer with appropriate security safeguards.
- Not make photocopies of the medical information on applications or medical reports required by life insurance companies in the normal course of business; not retain any such information beyond the date of contract issuance.



## **Respect Copyrights:**

The Advisor will respect copyrights and obtain permission to post material written by someone else in his communications and on his or her website. This includes articles, strategies, news articles theories and other information, use of any company's logo or information about its products. If the Advisor chooses to link to other sites, the link should be to that site's home page, ensuring that the owner's contact information is provided.

## **Deliver All Documents Immediately:**

The Advisor will not hold or retain customer documents. Documents will be delivered to the customer within a reasonable timeframe and any required delivery receipts will be obtained.

## **Handle and Report Complaints Appropriately:**

The Advisor will:

- Comply with Quebec's requirements for complaint management, if doing business in Quebec.
- Attempt to resolve service related complaints.

## **Maintain a Complaint Log:**

The Advisor will maintain a complaint log to track complaints, to provide any required reports and to maintain a state of readiness for regulatory and other audits. The complaint log should maintain information in a consistent fashion. At a minimum, it should summarize the following:

- Customer name
- Policy or document number
- Advisor name
- Date of complaint, (written or verbal)

- Recipient of complaint
- Individual handling the complaint
- Summary of complaint (details should include whether a regulatory body is involved.)
- Whether the complaint was reported to the insurer and/or MGA and the contact information.
- Steps towards resolution
- Statement of resolution, and
- Date of resolution.

### **Create and Maintain an Anti-Money Laundering Program:**

As required by the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (the “Act”), the Advisor will adopt a compliance regime and ensure that the Advisor, employees and those who act on behalf of the Advisor comply with the Act. The Act requires:

- Assessing and documenting the money laundering and terrorist financing risks unique to the Advisor’s business.
- Appointing a Compliance Officer.
- Developing detailed, auditable compliance policies and procedures for reporting and record-keeping.
- Ongoing review of the effectiveness of the compliance program through self-assessments and/or audits.
- Compliance training and a forward-looking training plan for employees, agents or others acting on the Advisor’s behalf.

## **Comply with CRTC’s Unsolicited Telecommunications Rules, including National Do Not Call List “N-DNCL.”**

The Advisor and any person or entity that tele markets on behalf of the Advisor will:

- not attempt to tele market to numbers that are on the N-DNCL without express prior consent.
- register with the N-DNCL Operator, who registers consumers’ numbers for the list and pay any required fees.
- Comply fully with the rules on referrals, established business relationships and service calls.

## **Keep Accurate and Substantial Books & Records:**

The Advisor will:

- maintain enough information in customer files to be able to demonstrate the appropriateness of any advice given or sale made and will retain all material information used in the negotiation, maintenance or servicing of a policy or contract.
- Make any and all requested books and records available to the MGA and/or insurer upon request.

## **Maintain active licences and the required errors and omissions insurance:**

The Advisor will:

- Maintain uninterrupted license and E&O in any province in which the Advisor sells insurance or provides service to customers.
- Arrange and pay for extended errors and omissions coverage if leaving the business, retiring or selling the practice.



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## Notify the MGA immediately of:

- Any license or E&O lapses, cancellations or other changes.
- Any privacy breaches or complaints.
- Any market conducts related complaints.
- If you are or have been
- charged with or convicted of any crimes
- the subject of a regulatory investigation or investigation by an insurer
- subject to garnishments or have or will enter into bankruptcy, insolvency or consumer proposal
- In a conflict of interest situation
- In receipt of a consumer complaint that you cannot easily resolve
- the recipient of a complaint about privacy.

## Advisor Prohibitions

### Exercise of Discretionary Authority:

The Advisor must act on explicit customer instructions only and will retain proof of the date and details of this instruction in the customer's files. The Advisor is prohibited from exercising discretionary authority over customer accounts and from entering into any of the following relationships unless the customer is a close family member and the relationship is disclosed and approved in writing by insurers who require approval:

- General Powers of Attorney over the customer's financial affairs.
- Trusteeships where the Advisor exercises control of the trust's assets.
- Executorships over a customer's estate; Borrowing money from or lending money to customers.
- Being named as beneficiary of a policy sold or serviced by the Advisor.



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Discretionary authority includes letters of direction, pre-signed blank or partially blank forms, formal powers of attorney, trusteeships, account signing authority, executorships or any similar legal instrument.

### **Fronting:**

The Advisor will not submit an application on behalf of an unlicensed person or a person who is not authorized to represent the insurer whose application is taken. Where more than one Advisor has been involved in a sale, all Advisor names and codes will be recorded on the application.

### **Rebating and Inducements:**

The Advisor will not offer or provide rebates or inducements to insure where this is prohibited by law. This includes waiving fees or returning a fee if a sale is completed. Where rebating is not prohibited by law, any agreement a Advisor makes to rebate premium to a customer is an agreement between the Advisor and customer and does not involve the CAILBA member or insurer. Such agreements will be in writing at time of sale and will disclose that the insurer and the CAILBA member are not parties to the rebate.

### **Vicarious Agreements/Life Settlements/Stranger Owned or Investor Owned Life Insurance:**

Financial vehicles involving the direct or indirect purchase of the death benefits of life insurance policies through the payment of a discounted price for the policy benefits while the Insured is still alive is prohibited. Acquiring ownership of life insurance contracts or a financial interest in life insurance contracts for investment purposes where there is no insurable interest is prohibited.

### **Payments:**

Neither the CAILBA member nor insurers will accept the following forms of payment from Advisor or customers. The Advisor will not

- Remit, on behalf of customers, payment for premiums or other transactions using a personal cheque or a cheque issued by the Advisor's company.
- Accept cheques or money orders from customers made payable to "cash" or to the Advisor. All cheques or money orders will be made payable to the life insurance company.
- Accept cash for the payment of premiums.

### **Twisting:**

The Advisor will not engage in "twisting" which is the unethical act of persuading a policyholder to drop a policy solely for the purpose of selling another policy, without regard to possible disadvantages to the policyholder.

### **Churning:**

The Advisor will not churn customer accounts by making excessive or unnecessary changes to insurance or investment contracts that result in generating commissions but have no discernible benefit to the customer. If the Advisor acts for customers on transactions permitted under the terms of a Limited Power of Attorney (LPOA), the Advisor may only act after discussing and securing the agreement of the customer. The only acceptable LPOA for this purpose is one approved for use by the life insurance company.

### **Tied Selling:**

It is an offence to make the purchase of one product conditional upon the purchase of another product. The Advisor will not engage in tied selling or impose other conditions on any customer.

## **Forgery and Alteration of Documents:**

According to the Criminal Code of Canada: 366. (1) Everyone commits forgery when making a false document, knowing it to be false, with intent (a) That it should in any way be used or acted on as genuine, to the prejudice of any one whether within Canada or not; or (b) That a person should be induced, by the belief that it is genuine, to do or to refrain from doing anything, whether within Canada or not. Making false document (2) Making a false document includes (a) Altering a genuine document in any material part; (b) Making a material addition to a genuine document or adding to it a false date, attestation, seal or other thing that is material; or (c) Making a material alteration in a genuine document by erasure, obliteration, removal or in any other way.

Forgery is fraud, which is a criminal act that must be reported to the appropriate authorities. All costs associated with remediation of contracts or settlements will be charged to the Advisor. Examples of forgery and fraud include:

- Signing a customer's signature or that of another Advisor, or initialing a change with the intention that the insurer will act on either as if they were genuine. An Advisor may not sign the customer's name or the name of anyone party to the contract to a document even if the customer authorizes it. All signatures must be authentic.
- Obtaining pre-signed blank forms.
- Signing as a witness to a signature that has not actually been witnessed.
- Signing as witness to a signature that is known to be forged.



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### **Engaging in Criminal Behaviour While Performing the Duties of an Agent.**

**Selling insurance or providing advice without having a valid insurance licence and/or errors and omissions insurance.**

### **Use of Sales Associates and Assistants:**

The Advisor will not allow unlicensed sales associates and/or assistants to perform any activity for which a license is required.

