

Life Insurance Council of Saskatchewan

The Life Insurance Council is committed to a fair, ethical and professional industry which ensures that consumers receive responsible, trustworthy advice and service regarding insurance and related financial matters.

Agent Code of Conduct

This Code builds on the requirements of The Saskatchewan Insurance Act and the Bylaws of the Life Insurance Council to provide specific guidance for the conduct of a licensee. It also gives the public information about what they should expect from licensees. It identifies minimum standards of conduct with the recognition and expectation that conduct of licensees will rise above the minimum requirements.

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I: Introduction

This Code applies to all Life Insurance and Accident and Sickness Insurance Licenced Agents in the Province of Saskatchewan

How to Use the Code of Conduct

A Code of Conduct is like a roadmap for a professional which lays out the standards and expectations to follow in his or her career. Whether an insurance professional is zooming through that career at great speed, at an intersection of two paths, or in a bumpy patch, frequent use of this 'roadmap' will ensure that the professional stays on the right path and avoids actions or practices which could possibly harm consumers or may constitute misconduct and lead to disciplinary action.

The Life Insurance Council of Saskatchewan's Code of Conduct is divided into two main sections; the Five Principles and Five Practice Expectations.

- **The Five Principles** – provide an understanding of the conduct expected of Licensees. Each principle has been clearly defined in plain language and includes a list of Core Requirements as well as some Examples of Misconduct.
- **Five Practice Expectations** – explains how *Licensees* are expected to put the five Principles into practice when dealing with *Clients, Insurers, Other Professionals, the Public and Council*. This is where the *Code* comes to life in terms of a *Licensee's* day-to-day practice. The lists of Minimum Requirements include the related principle(s) to illustrate how all Five Principles are woven through a Licensee's practice. Here too, Examples of Misconduct are provided.

It is not possible to foresee every possible situation and describe the proper conduct. The Examples of Misconduct listed are not complete or exhaustive. Some have been summarized from Council's disciplinary records and others are based on common queries Council receives from Licensees.

The Code should be read and used in conjunction with *The Saskatchewan Insurance Act* and the Council Bylaws. The Bylaws, the Act, other legislation and industry guidelines which affect Licensees are referenced in the Appendix.

If Licensees or consumers have questions that are not answered by this Code, inquiries to Council are encouraged. Further information may be found on the Insurance Councils of Saskatchewan website at www.insurancecouncils.sk.ca

Definitions

Defined terms are capitalized and shown in *italics* in this *Code*. These terms may be singular, plural or possessive with the meaning adjusted accordingly, unless otherwise qualified in this *Code*:

- **Agency** is any organization a *Licensee* may be contracted with for the purpose of distributing life and/or accident and sickness insurance products and/or services. Such organizations may include *Insurers*, Managing General Agencies (MGA), Associated General Agencies (AGA) etc.;
- **Client** is a person who may reasonably be expected to rely on a *Licensee*, *Agency* or *Insurer* for advice or actions in relation to life and/or accident and sickness insurance and includes all insureds, prospective *Clients*, current *Clients*, and past *Clients* where appropriate;
- **Code** is this *Code* of Conduct;
- **Council** is the Life Insurance *Council* of Saskatchewan;
- **Fees** includes any form of compensation such as commission, split commission, trailer fees, renewal fees, referral fees or gifts-in-kind including a 'thank-you gift';
- **Insurer** includes organizations that manufacture the products and/or services *Licensees* sell and in some instances may also be the organization the *Licensee* is contracted with for the purpose of distributing these products and/or services. Also see the definition for *Agency*;
- **Licensee** is an individual who holds a life insurance licence and/or an accident and sickness insurance licence issued by *Council*;
- **Other Professionals** are individuals who have an involvement in the insurance sale, service or claims process and may include *Licensees* (within any jurisdiction in the world), mutual fund registrants, staff who may or may not be *Licensees*, lawyers, accountants, financial planners, product specialists, underwriters, claims specialists etc.;
- **Public** refers to anyone who becomes aware of a *Licensee's* practice in any way, whether or not they purchase a product and/or service from a *Licensee*;
- **The Act** is *The Saskatchewan Insurance Act*.

II: The Five Principles

1. Integrity

Principle: The life insurance industry is built on a foundation of trust. As a *Licensee*, you agree to uphold this trust by consistently demonstrating a rigorous standard of personal and professional integrity. This applies to all your professional insurance business activities and extends to other areas where your conduct may reflect on your integrity and call into question your suitability to hold a life and/or accident and sickness insurance licence.

2. Product Suitability

Principle: Each *Client* is unique and must be treated that way. By conducting a thorough fact-finding process with your *Clients*, you will uncover their goals, needs and financial situation. These are critical elements in your determination of the most suitable product to meet their needs. Once determined, you must be able to successfully explain to your *Client* why the product you're recommending is the most suitable for their situation.

3. Disclosure

Principle: Disclosure means being open with your *Clients* from the very beginning. By setting this example you will be helping your *Clients* be more open with you. In this way, disclosure is a positive factor in your development of trust-based relationships, which will allow you to provide the best possible service. Disclosure also means being open and forthcoming about your practice with the *Public, Other Professionals, Insurers, Agencies and Council*.

4. Confidentiality

Principle: As a trusted *Licensee*, you are accountable for safeguarding the confidentiality of all *Client* information entrusted to you. *Clients* will share very personal and often sensitive health and financial information with you. While it's critical for you to gather this information in order to recommend and/or sell the best product or service, you must respect the fact that this puts you and your practice in a privileged situation.

5. Competence

Principle: When *Clients* engage your services they do so with an expectation that they are dealing with a professional who has sufficient and current knowledge, as well as the skill, to handle their life and/or accident and sickness insurance needs. *Clients* are entitled to rely on this level of competence from you at all times. As a result, you are accountable for maintaining your professionalism and competence to be a *Licensee*.

1. Integrity

Principle: The life insurance industry is built on a foundation of trust. As a *Licensee*, you agree to uphold this trust by consistently demonstrating a rigorous standard of personal and professional integrity. This applies to all your professional insurance business activities and extends to other areas where your conduct may reflect on your integrity and call into question your suitability to hold a life and/or accident and sickness insurance licence.

Core requirements of Licensees:

- i. Conduct all professional activities with integrity [ref. Council Guidance Note 2]
This means you are honest, trustworthy, and fair as you interact with your *Clients*, *Council*, the *Public* including industry organizations and *Other Professionals*.
- ii. Be financially reliable
This means you are dependable and can be counted upon to properly safeguard and account for money and property entrusted to you.
- iii. Prioritize your *Client's* best interests above your own [ref. Council Guidance Note 2]
This means you always act in good faith and exercise a duty of care ensuring that your *Client's* best interests are considered first.
- iv. Adhere to all Council Bylaws
These bylaws outline *Council's* expectations of Licensee conduct and include such things as maintaining errors and omissions (E&O) coverage and meeting supervision/supervisory requirements. From time to time these bylaws may change and it's critical for Licensees to keep current at all times.
- v. Comply with all Legislation applicable to the sale of Life and/or Accident and Sickness Insurance
This includes such legislation as Proceeds of Crime (Money Laundering) and Terrorist Financing Act, Do Not Call List, Canadian Anti-spam Legislation etc.

Examples of Licensee Misconduct

- a. Engaged in conduct, within or outside the insurance profession, which caused consumers or *Clients* to lose trust in you particularly or the insurance industry in general.
- b. Made untrue representation or concealed facts from a *Client*, *Insurer*, *Council*, or *Other Professionals*.
- c. Dealt dishonestly with money, property or premiums collected, or committed acts involving theft or fraud.
- d. Made or assisted someone to misrepresent information to an *Insurer* or knowingly transmitted information which may not be true, such as ignoring a health issue or lifestyle choices that would result in a higher premium rating.
- e. Improperly used your position or knowledge as a *Licensee* for personal benefit such as encouraging a *Client* to delay a policy termination by agreeing to reimburse or pay the *Client's* premiums in order to avoid commission chargebacks.
- f. Took advantage of a *Client's* inexperience, ill-health, lack of sophistication or difficulties with language, reading or financial literacy.
- g. Contravened *Council* bylaws such as failing to maintain your E&O coverage in force.
- h. Failed a FINTRAC compliance audit regarding the Proceeds of Crime (Money Laundering) and Terrorist Financing Act.

2. Product Suitability

Principle: Each *Client* is unique and must be treated that way. By conducting a thorough fact-finding process with your *Clients*, you will uncover their goals, needs and financial situation. These are critical elements in your determination of the most suitable product to meet their needs. Once determined, you must be able to successfully explain to your *Client* why the product you're recommending is the most suitable for their situation.

Core requirements of Licensees:

- i. Only recommend products or services based on your *Client's* needs [ref. Council Guidance Note 1]
The sale of any product or service must be based on the documented needs analysis you conduct with your *Client*. When recommending Individual Variable Insurance Contracts (IVIC's) also known as Segregated Funds, the needs assessment must also include such things as your *Client's*: Investment time horizon, risk tolerance, investment knowledge, investment objective and current circumstances etc.
- ii. Only recommend products or services based on your *Client's* ability to pay the full costs
As an outcome of the cash flow analysis you will have undertaken, you must be satisfied that your *Client* is in a financial position to pay the full ongoing costs of the product or service you are recommending.
- iii. Only recommend a product, service or strategy which you thoroughly understand
As part of your research and study you may also need to engage *Other Professionals* or experts to help you prepare to explain your recommendation to your *Client*.
- iv. Make certain your *Client* understands your recommendation [ref. Council Guidance Note 2]
Although the extent of your explanation may vary from *Client* to *Client* as you take into consideration their level of financial literacy, it is your responsibility to ensure that your *Client* fully understands all aspects of your recommendation including any changes which may occur during underwriting or following the sale.
- v. Document everything clearly [ref. Council Guidance Note 1]
Clear documentation of all *Client* interactions leading up to and following the sale of all insurance products and services not just IVIC's, is critical for your *Client* and your own files, in the event that you are called upon to defend your action(s) or recommendation(s). All *Client* communications must be presented in a manner that is understandable to your *Client* and should always consider their level of financial literacy.

Examples of Licensee Misconduct

- a. Failed to conduct fact-finding and assessment of the *Client's* situation and insurance needs.
- b. Sold or replaced a policy or counseled a change of an existing policy that was inappropriate given the *Client's* stated objectives and circumstances.
- c. Offered an incentive such as a rebate on all or a portion of an insurance premium to encourage a purchase and/or to make a purchase more affordable given the *Client's* financial situation.
- d. Recommended a concept or strategy without ensuring that all the necessary requirements were clearly spelled out to and understood by the *Client*.
- e. Used sales materials or illustrations that were misleading, such as using terms like 'guaranteed' without appropriate qualification or supporting evidence.
- f. Failed to fully inform your *Client* or inform them in an understandable way about the insurance product purchased, including any changes that occurred during underwriting or the policy term.
- g. Failed to properly document communications and instructions with a *Client* to ensure mutual understanding and provide a record of the transactions in sufficient detail to satisfactorily defend your recommendation.

3. Disclosure

Principle: Disclosure means being open with your *Clients* from the very beginning. By setting this example you will be helping your *Clients* be more open with you. In this way, disclosure is a positive factor in your development of trust-based relationships, which will allow you to provide the best possible service. Disclosure also means being open and forthcoming about your practice with the *Public, Other Professionals, Insurers, Agencies* and *Council*.

Core requirements of Licensees:

- i. Accurately represent yourself and your practice to the *Public*
At all times and in all instances you must consistently present yourself and your practice accurately and clearly. This includes such things as advertising, promotional materials, websites, business cards etc.
- ii. Disclose and document to your *Client*, any actual or perceived conflicts of interest [ref: Council Guidance Note 1]
A conflict occurs any time you might benefit or be placed in an advantageous situation as a result of a decision your *Client* makes. This starts with their decision to meet with you initially and extends throughout the duration of your relationship. As soon as you become aware that a perceived conflict might exist, you must disclose it to your *Client* and document it clearly. This applies to all *Client* interactions, not just those related to IVIC's.
- iii. Obtain *Client's* written approval of the conflict before proceeding further
In most instances it is best not to place yourself in a conflict of interest with a *Client*. Should it occur, documentation of the conflict including documentation of your *Client's* approval to proceed, must be put in place immediately.
- iv. Disclose details of your practice
This requires disclosing to your *Clients* such things as the products you are licenced to sell, the *Insurers* you are contracted with, your liability insurance (E&O) coverage etc. This also includes disclosing to *Council* any situation where your actions have been called into question by other regulatory or legal authorities.
- v. Follow the Life Insurance Replacement Disclosure (LIRD) rules
Although it is generally not in the best interests of a *Client* to replace an existing policy, in those instances where it is prudent you must ensure that your *Client* fully understands all the ramifications, positive and negative, of undertaking the replacement, by thoroughly following the LIRD rules.

Examples of Licensee Misconduct

- a. Misrepresented yourself, such as the credentials you hold in good standing.
- b. Misrepresented the services you are licenced to provide.
- c. Misrepresented aspects of your practice, such as overstating its size.
- d. Failed to disclose an actual or perceived conflict of interest.
- e. Failed to obtain documented acknowledgement from your *Client* of their understanding of your conflict(s) of interest, the implications to them and their willingness to continue to work with you.
- f. Failed to disclose to *Council* in a timely way, ongoing details of any investigation of your practice by another jurisdiction or legal authority.
- g. Failed to follow the LIRD rules in a life insurance replacement situation.

4. Confidentiality

Principle: As a trusted *Licensee*, you are accountable for safeguarding the confidentiality of all *Client* information entrusted to you. *Clients* will share very personal and often sensitive financial information with you. While it's critical for you to gather this information in order to recommend and/or sell the best product or service, you must respect the fact that this puts you and your practice in a privileged situation.

Core requirements of Licensees:

- i. Obtain consent for the collection and use of personal information from *Clients*
Fully and accurately explain to your *Client* what information is required, how it will be used and who else will have access to it. You cannot proceed to work with a *Client* until you have obtained their consent to collect this information.
- ii. Treat all personal information obtained from *Clients* as confidential
This applies to all information obtained initially and throughout the relationship. And it extends indefinitely, even after you are no longer acting for the *Client*, whether or not differences have arisen. Confidentiality of the information must also be maintained between related parties such as, co-insureds, business partners, family members etc.
- iii. Put appropriate safeguards in place to protect the confidentiality of all *Client* information
This includes the use of secure computer records and passwords, encryption of electronic data, protection of physical files in locking cabinets, alarms and other safeguards appropriate in the circumstances and extends to anyone working with you who may have access to the information.
- iv. Only use *Client* information for the purpose it was obtained
Under no circumstances can the information provided to you by your *Client* be used for any purpose other than what it was obtained for.
- v. Comply with Privacy Legislation
This includes the Personal Information Protection and Electronic Documents Act (PIPEDA), which requires all Life Insurance Agents to develop and implement PIPEDA compliant policies and procedures.

Examples of Licensee Misconduct

- a. Failed to obtain signed consent from a *Client* for the collection, and use of their personal information.
- b. Took advantage of the *Client's* consent to collect information beyond what was reasonably needed to recommend an insurance product or service.
- c. Used confidential information for purposes other than what was agreed by the *Client*.
- d. Disclosed information to any person other than those authorized by the *Client* or as required by law, such as sharing your *Client's* financial information with their spouse who may be considering divorce proceedings.
- e. Failed to provide for the safekeeping of records such as locked storage, computer back-ups etc.
- f. Used your *Client's* name to promote your services without first obtaining your *Client's* express permission.
- g. Failed to implement PIPEDA compliant policies and procedures.

5. Competence

Principle: When *Clients* engage your services they do so with an expectation that they are dealing with a professional who has sufficient and current knowledge, as well as the skill, to handle their life and/or accident and sickness insurance needs. *Clients* are entitled to rely on this level of competence from you at all times. As a result, you are accountable for maintaining your professionalism and competence to be a *Licensee*.

Core requirements of Licensees:

i. Be professional

Conduct all business in a professional manner inspiring confidence and respect. Should you decide to withdraw your services, always take extra care to remain impartial.

ii. Keep current on all products and services

Actively work to retain and gain knowledge on all aspects of the products and services you have sold as well as the recommendations you are currently working on. To achieve this you must commit to a level of continuous learning at or beyond the level required by *Council's* ongoing Continuing Education (CE) requirements.

iii. Know your limitations

When you find yourself in a situation beyond the scope of your experience or expertise, seek appropriate consultation with *Other Professionals*. Following such consultation, only continue to work with your *Client* in that capacity if it is still within the scope of your licence and you are able to provide a competent explanation of your recommendation(s).

iv. Be responsive

Act promptly and efficiently while taking care to be accurate and thorough. This applies to all aspects of your *Client* interactions including the initial sale, ongoing service and claims.

v. Provide regular service

Maintain regular connection with your *Clients*. This will help to ensure that you are kept aware of any changes in their circumstances which may have an impact on the product or service you sold or products you are servicing. Always document these interactions clearly for your *Client* and your own files.

Examples of Licensee Misconduct

- a. Communicated in an abusive, offensive or unprofessional way in the course of business.
- b. Engaged in harassment or unlawful discriminatory practices.
- c. Failed to complete the due diligence to understand the products you are selling.
- d. Failed to meet *Council's* CE requirements.
- e. Disadvantaged a *Client* by failing to keep current on the product(s) or service(s) you sold or are providing service on.
- f. Disadvantaged a *Client* by not taking appropriate steps to provide regular service.

III: Life Insurance Council of Saskatchewan's Practice Expectations of Licensees

Introduction

The purpose of this section is to help you understand how to apply the Principles in the five most common interaction areas of your practice. This is what Council expects of you as a *Licensee* when you deal with:

1. **Clients** – anyone who may reasonably be expected to rely on you for advice or actions in relation to life and/or accident and sickness insurance and includes all insureds, prospective *Clients*, current *Clients*, and past *Clients* where appropriate.
2. **Insurers** – those organizations that manufacture the products and/or services you are licenced to sell and in some instances may also be the organization you are contracted with for the purpose of distributing these products and/or services.
3. **Other Professionals** – individuals who have an involvement in the insurance sale, service and claims process and may include Licensees (within any jurisdiction in the world), mutual fund registrants, staff who may or may not be Licensees, lawyers, accountants, financial planners, product specialists, underwriters, claims specialists etc.
4. **Public** – anyone who becomes aware of your practice in any way, whether or not they may consider purchasing a product or service from you.
5. **Council** – the Life Insurance *Council* of Saskatchewan.

In the following pages, you will find requirements described, along with examples of misconduct provided for each of the five most common interaction areas of your practice. In each instance, a minimum standard of conduct is noted with the recognition and expectation that in many instances, conduct of *Licensees* will rise above the minimum requirement.

This information is intended to give you a general understanding of *Council's* expectations. From time to time you may find yourself in situations not detailed here. In those instances continue to apply the *Code* consistently. When in doubt, ask *Council* for guidance.

To help you appreciate the most direct application of the Five Principles, the most critical related principle(s) has been noted for each requirement. However, it's important to remember that **all the principles apply all the time.**

1: Practice Expectations When Dealing with *Clients*

Minimum Requirements:

- a. Always conduct yourself with integrity, demonstrating your honesty, trustworthiness, fairness and financial reliability. **[Related Principle: Integrity]**
- b. Be professional inspiring confidence and respect at all times, especially in situations of disagreement or a decision not to work together or a withdrawal of your services such as retirement. **[Related Principle: Competence]**
- c. Accurately present yourself and your practice to your *Client*. This helps your *Client* understand how you will work together. **[Related Principle: Disclosure]**
 - i. Outline the products and services you are licenced to sell
 - ii. Explain which *Insurers* you are contracted with, including any *Agency* relationships
 - iii. Provide an overview of how you will be paid if you decide to work together.
 - iv. Mention your E&O coverage and explain what that means for your *Client*
- d. Disclose all conflicts of interest in writing and obtain your *Client's* approval before proceeding further. **[Related Principle: Disclosure]**
- e. Obtain your *Client's* consent for the collection and use of their personal information and explain how you will keep their information confidential in accordance with Privacy Legislation. **[Related Principles: Confidentiality, Integrity]**
- f. Conduct a thorough needs analysis with your *Client* including such things as their objectives, current circumstances, their cash flow and if applicable, investment time horizon, risk tolerance and investment knowledge etc. **[Related Principle: Product Suitability]**
- g. Keep current on all products and services you are licenced to offer/sell, to ensure that you have the expertise to make the appropriate recommendations. Involve *Other Professionals* as necessary, but always do so appropriately considering *Council* bylaws. **[Related Principles: Competence, Integrity]**
- h. As you consider the best product or service for your *Client* you must put their needs above your own. This may mean that you will earn less or possibly nothing at all if the purchase doesn't make sense for your *Client*. **[Related Principle: Integrity]**
- i. Only recommend products or services that fit within your *Client's* budget. **[Related Principles: Product Suitability, Competence, Integrity]**
- j. Only make recommendations you thoroughly understand and can successfully explain to your *Client* considering their level of financial literacy. If replacement of an existing policy is recommended, follow the LIRD rules. **[Related Principles: Product Suitability, Competence, Disclosure]**
- k. Be responsive to your *Client*, acting promptly and efficiently at all times. **[Related Principles: Integrity, Competence]**
- l. Report to FINTRAC immediately if you have a good faith reason to believe that your *Client* might be conducting transactions that could be considered Money Laundering or Terrorist Financing. **[Related Principle: Integrity]**
- m. Provide regular service as mutually agreed to when you started working together, but at a minimum keep in contact annually. **[Related Principles: Integrity, Competence]**

DOCUMENTATION: In all situations, not just the sale of IVIC's, be sure to document everything you provide your *Client* in language that considers their level of financial literacy and is clear to them. Document all *Client* interactions for your own files such as a *Client's* decision not to follow your recommendation(s). This level of consistent documentation is just as important for your *Client's* understanding, as it is for the protection of your own practice, in the event your actions are ever called into question. *[ref: Council Guidance Note 1]*

Examples of Licensee Misconduct when Dealing with Clients

- a. A *Licensee* signed a document as the “witness of a *Client* signature” without being present when the *Client* signed the document. **[Related Principle: Integrity]**
- b. A *Licensee* accepted and kept premium payments from *Clients* without placing the coverage with an insurance company. **[Related Principles: Integrity, Competence]**
- c. A *Licensee* used an incomplete and misleading comparison of a potential *Client’s* policy with a policy from another *Insurer* in order to induce a *Client* to cancel a policy. **[Related Principles: Product Suitability, Integrity, Competence]**
- d. A *Licensee* and/or the business the *Licensee* represents offered inducements to a *Client* which caused the *Client* to make decisions not in their best interest and to invest in a business owned by the *Licensee*. **[Related Principles: Integrity, Disclosure]**
- e. A *Licensee* used or allowed someone else to use the *Licensee’s Client* contact list for their own personal gain. **[Related Principles: Confidentiality, Integrity]**

Adapted from Actual Case Files

1. A *Licensee* sold a *Client* a Universal Life Insurance product and advised that after the 7th year of the policy, there would be sufficient cash and increasing cash value to allow automatic premium loans (APL) to fund all future premiums. However, the *Licensee* failed to explain that if the market did not perform as illustrated with the costs of insurance each year, the policy cash values would be depleted at a greater level. In the 8th year of the policy, the *Client* began funding the premiums via APL confident that the insurance would remain intact. After several years, the cash values were depleted to a level below the yearly premium amount. In order to keep the policy in force and at the same death benefit level the *Client* would have to fund a substantive premium and pay interest costs. The *Client*, not being financially savvy, was unaware of the state of their insurance policy until they received a letter from the insurance company advising that the policy would lapse without the receipt of a significant premium. **[Related Principles: Product Suitability, Competence]**
2. A *Licensee* sold a life insurance product to a *Client* with a premium that was equal to the *Client’s* disposable income after all regular expenses were paid. The *Licensee* did not take into consideration the cost of inflation or any unforeseen expenses that would affect the *Client’s* disposable income. The *Client* incurred some extra expenses and as a result had to cancel their life insurance policy in order to pay for the unexpected expenses. The *Licensee* should have placed an affordable level of insurance with a goal to work with the *Client* to increase the level of insurance according to the *Client’s* salary increases and needs. **[Related Principles: Product Suitability, Competence]**
3. A *Licensee* who sells exempt market products as well as insurance, advised *Clients* holding Segregated Funds to redeem these funds and purchase a recommended exempt market security. The *Licensee* failed to explain that the redeemed amount would be reduced by deferred sales charges resulting in the *Client’s* investment being less than expected. When the securities regulator halted trading within that particular exempt market security, the *Licensee* did not explain the implications of a cease trading order to the *Clients* and continued to advise them that their funds were safe and redeemable upon request. The *Licensee’s* lack of due diligence cost the *Clients* their entire investment. **[Related Principles: Product Suitability, Integrity, Competence]**

2: Practice Expectations When Dealing with *Insurers*

Minimum Requirements:

- a. Always conduct yourself with integrity, demonstrating your honesty, trustworthiness, fairness and financial reliability. **[Related Principle: Integrity]**
- b. Be professional inspiring confidence and respect at all times, whether dealing with a junior clerk or a top executive. **[Related Principle: Competence]**
- c. At all times, accurately present yourself and your practice to *Insurers* you are contracted with. **[Related Principles: Disclosure, Integrity]**
 - i. Immediately disclose any changes to the status of your licence(s), including any pending investigations
 - ii. Immediately disclose any changes to your practice, such as a relocation, change in partnerships, incorporation etc.
- d. Ensure that you have adequate E&O coverage in force at all times that is sufficient to protect the size and nature of your practice, understanding that this may be more than the minimum required by *Council*. **[Related Principles: Disclosure, Competence]**
- e. Disclose all conflicts of interest in writing, confirming that you have obtained your *Client's* approval before proceeding further. **[Related Principles: Disclosure, Integrity]**
- f. Disclose full details of insurance replacement recommendations through compliance with the Life Insurance Replacement Disclosure (LIRD) requirements. **[Related Principles: Disclosure, Competence, Integrity]**
- g. Confirm that you have procedures in place to consistently obtain your *Client's* consent for the collection, use and protection of their personal information in accordance with the *Personal Information Protection and Electronic Documents Act (PIPEDA)*. **[Related Principles: Confidentiality, Competence]**
- h. Confirm that you have the necessary procedures in place to consistently comply with all Legislation applicable to the sale of Life Insurance including *such regulations as Proceeds of Crime (Money Laundering) and Terrorist Financing Act, Do Not Call List, Canadian Anti-spam Legislation etc.* **[Related Principles: Integrity, Competence]**
- i. Keep current on all products and services, applicable to your licence and area of practice, in order to ensure that you have the expertise to make appropriate recommendations to your *Clients*. **[Related Principles: Competence, Product Suitability, Disclosure]**
- j. Involve *Other Professionals*, such as product specialists as necessary, for your own benefit, respecting the fact that you may only involve these specialists in your *Client* meetings if they hold an appropriate licence. You must be able to confidently explain the product, strategy and any related implications to your *Client*, on your own, respectful of your *Client's* level of financial literacy. **[Related Principles: Competence, Integrity, Product Suitability]**
- k. Be responsive, acting promptly and efficiently at all times. **[Related Principles: Competence, Integrity]**
- l. Provide regular service to all of your *Clients* and inform *Insurers* promptly if you are unable to provide the necessary service even if it means that the *Insurer* may be obliged to assign the *Client* to another *Licensee*. **[Related Principles: Competence, Integrity]**

DOCUMENTATION: Document all interactions with *Insurers* clearly, for your own files. This level of consistent documentation is important for the protection of your practice, in the event your actions are ever called into question.

Examples of Licensee Misconduct when Dealing with Insurers

- a. A *Licensee* provided false information to an *Insurer* about a *Client's* insurability in order to get a lower premium. **[Related Principle: Integrity]**
- b. A *Licensee* colluded with a *Client* who requested a policy termination, by providing the funds necessary to maintain premium payments until the commission chargeback period expired and only then informed the *Insurer* of the *Client's* instructions. **[Related Principle: Integrity]**
- c. A *Licensee* failed to inform the *Insurer(s)* contracted with, of a pending investigation of the *Licensee's* practice by a legal or regulatory authority. **[Related Principle: Integrity]**
- d. A *Licensee* continued to indicate they held an industry designation in good standing when in fact that was no longer the case. **[Related Principles: Integrity, Disclosure, Competence]**
- e. A *Licensee* shared confidential details of a current or prior contractual arrangement with an *Insurer*, with others not party to the contract. **[Related Principle: Confidentiality]**
- f. A *Licensee* spoke unfavourably of an *Insurer* in order to discredit the organization's reputation. **[Related Principle: Integrity]**

Adapted from Actual Case Files

1. A *Licensee* falsified *Client* information, including employment income and net worth on an application for a loan to leverage a segregated fund investment. The *Insurer* and the financing bank accepted the information provided by the *Licensee* as true, considering that the *Client's* signature was affixed to the loan document. The *Insurer* and bank, upon receipt of the legal documents, were unaware that the *Client* had signed blank forms. **[Related Principles: Integrity, Competence]**
2. A *Licensee* replaced an insurance policy, but did not complete a Life Insurance Replacement Declaration as the original policy was still in place. The *Licensee* did not want the *Insurer* to know that the original policy, also underwritten by the *Insurer*, would be cancelled as soon as the new policy became effective. **[Related Principles: Integrity, Disclosure]**
3. A *Licensee* wrote several large policies for some *Clients* and used part of the commission earned to provide the *Clients* with a premium rebate. As soon as the commission chargeback period expired, the policies were allowed to lapse leaving the *Clients* without insurance coverage. **[Related Principles: Integrity, Competence]**

3: Practice Expectations When Dealing with *Other Professionals*

Minimum Requirements:

- a. Always conduct yourself with integrity, demonstrating your honesty, trustworthiness, fairness and financial reliability. **[Related Principle: Integrity]**
- b. Be professional inspiring confidence and respect at all times, especially in situations where you may be in a disagreement with *Other Professionals*. **[Related Principle: Competence]**
- c. At all times, accurately present yourself and your practice, keeping those you are connected with current on any changes to your practice as it applies to your relationship. **[Related Principles: Disclosure, Integrity]**
- d. Be diligent when supervising *Licensees* with less than two years industry experience. Only sign-off on new sales that you can confidently confirm are suitable for the *Client* and have followed appropriate processes. **[Related Principles: Integrity, Competence]**
- e. Be diligent in determining the most appropriate *Other Professionals* to work with, whether as a one-time resource or an ongoing partnership and ensure, among other things, that they have appropriate E&O coverage in place. **[Related Principle: Competence]**
- f. Ensure that you have adequate E&O coverage in force at all times that is sufficient to protect the size and nature of your practice. **[Related Principles: Disclosure, Integrity]**
- g. When entering into any sort of partnership, whether formal or informal, with *Other Professionals*, ensure the details of the arrangement or understanding are appropriately documented in accordance with the nature and complexity of the arrangement and review it annually with those involved. **[Related Principle: Competence]**
- h. Ensure that all *Other Professionals* you have named as part of the contingency plan for your practice, are informed in writing and kept current on any changes. Revisit this annually with those involved. **[Related Principles: Competence, Disclosure]**
- i. As appropriate, keep *Other Professionals* you are working with current on the status of your licence(s), including any pending investigations. **[Related Principles: Disclosure, Integrity]**
- j. Disclose all relevant conflicts of interest in writing. **[Related Principles: Disclosure, Integrity]**
- k. Only involve *Other Professionals* in meetings with your *Client(s)*, if they are also *Licensees*. You alone are accountable to your *Clients* and must be able to confidently explain the product, strategy or any related implications, in an understandable way. **[Related Principles: Competence, Integrity, Product Suitability]**
- l. When accepting *Client* referrals from *Other Professionals*, ensure that you do not involve them in the solicitation or negotiation of the insurance being offered to that *Client* unless they hold an appropriate licence. **[Related Principle: Integrity]**
- m. If you employ or involve non-licenced individuals in your practice, ensure that these individuals are never involved in any direct *Client* interactions regarding the solicitation or negotiation of an insurance product. **[Related Principle: Integrity]**
- n. Fully respect the confidentiality of all agreements and understandings you may have in place currently or in the past with *Other Professionals*. **[Related Principles: Confidentiality, Integrity]**
- o. Be responsive, acting promptly and efficiently at all times. **[Related Principles: Competence, Integrity]**

DOCUMENTATION: Document all interactions with *Other Professionals* clearly, for your own files. This level of consistent documentation is important for the protection of your practice, in the event your actions are ever called into question.

Examples of Licensee Misconduct when Dealing with Other Professionals

- a. A *Licensee* used published disciplinary information, such as that from *Council's* website, to discredit another *Licensee*. **[Related Principle: Integrity]**
- b. A *Licensee* did not sufficiently research the qualifications and expertise of an *Other Professional* whose direction when followed, resulted in disadvantaging the *Licensee's Client*. **[Related Principle: Competence]**
- c. A *Licensee* only paid referrals or provided an increased referral *Fee* when a sale resulted. **[Related Principle: Integrity]**
- d. A *Licensee* provided a non-licenced individual with a *Fee* for their part in helping to close an insurance sale. **[Related Principle: Integrity]**
- e. A *Licensee* asked a non-licenced assistant to respond to a *Client's* query knowing that the discussion might evolve into questions about their insurance policy, changes to it or the purchase of a new policy. **[Related Principles: Integrity, Competence]**
- f. A *Licensee* failed to obtain initial and/or ongoing consent from the *Other Professional(s)* selected to take over his/her practice in the event of a contingency situation such as a disability or illness. **[Related Principle: Competence]**
- g. A *Licensee* shared confidential details of a current or prior contractual arrangement, with an *Other Professional*, not party to the arrangement. **[Related Principle: Confidentiality]**

Adapted from Actual Case Files

1. A *Licensee* brought a junior *Licensee* into the practice to help generate new sales. They had a non-documented understanding that the junior *Licensee* would be compensated through a general code from the agency rather than the junior *Licensee's* own code. The amount of compensation paid to the junior *Licensee* was not shared equally. Over time this inequity created a financial hardship for the junior *Licensee* who became faced with a choice to leave behind the *Client* base they had built together or continue to be treated inequitably. **[Related Principle: Integrity]**
2. A *Licensee* hired a non-licenced individual to help generate new insurance leads. The *Licensee* provided training on the Do-Not-Call List procedures, a telephone script and role-playing rehearsals for the calls. The individual provided the *Licensee* with a list of potential sales leads to be followed-up and hopefully closed. This activity by a non-licenced individual placed the *Licensee* in violation of *Council* bylaws and *The Act* as only *Licensees* are permitted to contact current or potential *Clients* for the purpose of soliciting insurance. **[Related Principle: Integrity]**
3. A *Licensee* became disgruntled when a potential sale was lost because the prospective *Client* decided to continue working with their current *Licensee*, an individual who also worked in another industry. Through a community Facebook post, the disgruntled *Licensee* spoke disparagingly about individuals who do not sell insurance full-time as well as those who seek advice from these individuals. **[Related Principles: Integrity, Competence]**
4. A *Client* engaged legal counsel to prepare a Last Will and Testament. During that process, a *Licensee* acted on the *Client's* instructions to falsely advise the *Client's* legal counsel that insurance was in force when in fact it was not. A Disciplinary Hearing Committee determined that if a *Client* is advising a *Licensee* to provide false or misleading information, that instruction is no longer a legal instruction to be followed. **[Related Principles: Integrity, Competence]**

4: Practice Expectations When Dealing with the *Public*

Minimum Requirements:

- a. Always conduct yourself with integrity, demonstrating your honesty, trustworthiness, fairness and financial reliability. **[Related Principle: Integrity]**
- b. Be professional inspiring confidence and respect at all times. **[Related Principle: Competence]**
- c. Accurately present yourself and your practice in all forms of public-facing communications such as, websites, social media profiles, promotions, advertising etc. **[Related Principles: Disclosure, Integrity]**
- d. Consistently uphold the professional integrity of the insurance industry and those who serve it by communicating in a fair and unbiased manner at all times through all media channels you participate in. **[Related Principle: Integrity]**
- e. Ensure that you have adequate E&O coverage in force at all times, that is sufficient to protect the size and nature of your practice, understanding that this may be more than the minimum required by *Council*. **[Related Principles: Disclosure, Integrity]**
- f. Exercise sound judgement in promotions designed to introduce you, your practice and your services to the *Public*, understanding that special offers to win or receive something in return for attending or participating in the promotion would be inappropriate. **[Related Principles: Integrity, Competence]**
- g. Always ensure that anyone assisting you or working with you to promote, teach or explain any aspect of the products and services you are licenced to sell, is also duly licenced. **[Related Principles: Integrity, Competence]**
- h. If you also engage in a business or organization outside the insurance industry, whether in a paid or volunteer capacity, you must take extra care to disclose any conflicts of interest clearly and immediately, understanding that it may be best to avoid such situations altogether. **[Related Principles: Disclosure, Integrity]**
- i. Be responsive, acting promptly and efficiently at all times. **[Related Principles: Competence, Integrity]**

DOCUMENTATION: Document all interactions with the *Public* clearly, for your own files. This is particularly critical in any situation that may be perceived as a conflict of interest on your part. This level of consistent documentation is important for the protection of your practice, in the event your actions are ever called into question.

Examples of *Licensee* Misconduct when Dealing with the *Public*

- a. Even though *Council* had cancelled a *Licensee's* licence indefinitely, the individual continued to allow the *Public* to believe that nothing had changed. **[Related Principle: Integrity]**
- b. A *Licensee* asked a non-licensed assistant to conduct an insurance seminar for prospective *Clients* on the *Licensee's* behalf. **[Related Principles: Integrity, Competence]**
- c. A *Licensee* failed to update promotional materials, business cards, social media profiles etc., to remove an industry designation that had been suspended by the designation's governing body. **[Related Principles: Integrity, Competence]**
- d. A *Licensee* misappropriated funds from a volunteer organization while acting in a position of trust for the organization. **[Related Principles: Integrity, Competence]**
- e. A *Licensee* with large personal debts engaged in questionable financial activity by soliciting prospective *Clients* to become investors in risky offshore investments. **[Related Principles: Integrity, Product Suitability, Competence]**
- f. A *Licensee* used the term "and Associates" in the name and promotion materials for the *Licensee's* practice when in fact there were no other *Licensees* involved in the practice. **[Related Principles: Integrity, Disclosure]**
- g. A *Licensee* who owned and operated a business outside the insurance industry led customers to believe they would receive preferential service if they also became a life insurance *Client*. **[Related Principles: Disclosure, Integrity]**
- h. A *Licensee* published printed material which, taken at face value, was liable to damage the reputation of persons engaged in the insurance business, alleging that insurance companies practiced sneaky price increases and robbed *Clients* with high premiums. **[Related Principle: Integrity]**

Adapted from an Actual Case Files

1. A Canadian non-resident flew back to Canada to attend her mother's funeral. During her short stay she reconnected with a cousin who offered to invest her inheritance. As the cousin was a *Licensee* she was relieved to have these details taken care of during such an emotional time. Due to other commitments she wasn't able to remain in the country long enough to complete the paperwork. But she felt confident in providing the *Licensee* with blank cheques to facilitate the investment of the inheritance on her behalf. Over several years, the *Licensee* provided fabricated investment statements showing a reasonable growth in net asset value when in fact no such investments had ever been made. The *Licensee* had instead used the funds for personal gain. **[Related Principles: Integrity, Disclosure, Competence]**
2. An *Agency* and its contracted *Licensees* developed an advertising campaign targeting recent graduates of a professional college. Their campaign material included unauthorized use of the profession's logo, unsubstantiated claims of expertise with these professionals and an offer to provide a premium discount as an insurance purchase incentive. Each of these advertising practices is considered an act of misconduct. **[Related Principles: Integrity, Disclosure, Competence]**
3. A *Licensee* advertised the opportunity to win two tickets to an upcoming sold-out event. By making the draw open to only those who purchased an insurance policy, rather than anyone who wanted to enter, the *Licensee's* ad contravened *Council* bylaws. **[Related Principle: Integrity]**

5: Practice Expectations When Dealing with *Council*

Minimum Requirements:

- a. Always conduct yourself with integrity, demonstrating your honesty, trustworthiness, fairness and financial reliability. **[Related Principle: Integrity]**
- b. Be professional inspiring confidence and respect at all times. **[Related Principle: Competence]**
- c. At all times, accurately present yourself and your practice to *Council*. This includes all communications, applications for a licence, completion of Annual Reporting Forms to continue a licence and requests from *Council* for information. **[Related Principles: Disclosure, Integrity]**
- d. Disclose any instance where you held a licence or registration for transacting, recommending or selling financial products where the licence or registration was suspended or revoked anywhere within the world. **[Related Principles: Disclosure, Integrity]**
- e. Whether related to your life insurance practice, another venture or you personally, you must inform *Council* immediately upon entering into bankruptcy proceedings or a consumer proposal. **[Related Principles: Disclosure, Integrity]**
- f. Keep *Council* informed of the status of any pending complaint or investigation of you or your practice for any criminal investigation, regulatory investigation or disciplinary investigation through the *Insurer* and/or *Agency* you are contracted with or any jurisdictional organization such as, the MFDA, IIROC, Mortgage Broker Regulators, Pension Regulators, Insurance Regulators, FINTRAC, CRA, CRTC, professional disciplinary bodies such as Financial Planning Standards Council, Advocis, etc. **[Related Principles: Disclosure, Integrity]**
- g. Immediately disclose to *Council* any occupation or business other than the sale of life insurance you may be planning to engage in. **[Related Principles: Disclosure, Integrity]**
- h. Ensure that you have adequate E&O coverage in force at all times that is sufficient to protect the size and nature of your practice, understanding that this may be more than the minimum required by *Council*. **[Related Principles: Disclosure, Integrity]**
- i. If you have an *Agency* licenced with *Council*, ensure that you also hold E&O coverage on your *Agency* at all times, that meets the required limits as set by *Council*. While the E&O coverage on your *Agency* may be held as a rider on your individual E&O policy, it must still meet all *Council* requirements on its own merit, exclusive of your individual policy. **[Related Principles: Disclosure, Competence, Integrity]**
- j. Immediately disclose to *Council* any cancellation or non-renewal of your individual or *Agency* (if applicable) E&O coverage. **[Related Principles: Disclosure, Integrity]**
- k. Comply with all *Council* Continuing Education (CE) requirements. **[Related Principles: Competence, Integrity]**
- l. Be responsive, acting promptly and efficiently at all times but especially in situations when *Council* has requested information from you. **[Related Principles: Competence, Integrity]**

DOCUMENTATION: Document all interactions with *Council* clearly, for your own files. This level of consistent documentation is important for the protection of your practice, in the event your actions are ever called into question.

Examples of Licensee Misconduct when Dealing with Council

- a. When completing an Annual Reporting Form for licence continuation, a *Licensee* falsified information. **[Related Principles: Integrity, Competence]**
- b. A *Licensee* intentionally provided misleading testimony to *Council* during an appearance before a Disciplinary Hearing Committee. **[Related Principles: Integrity, Competence]**
- c. A *Licensee* falsified records of continuing education courses. **[Related Principles: Integrity, Competence]**
- d. Conviction for a criminal offense, unrelated to work in the insurance industry, brought into question a *Licensee's* professional integrity and suitability to continue to act as a *Licensee*. **[Related Principles: Integrity, Competence]**
- e. A *Licensee* failed to notify *Council* when the insurance regulator in another province commenced proceedings against the *Licensee*. **[Related Principles: Disclosure, Integrity]**
- f. A *Licensee* acting in a supervisory capacity approved a new sale without ensuring that the new *Licensee* had sold a suitable product for the *Client*. **[Related Principles: Integrity, Product Suitability, Competence]**

Adapted from Actual Case Files

1. A *Licensee* was required to provide answers to questions from *Council* with respect to information *Council* received indicating that the *Licensee* was under investigation by another regulator. The *Licensee* did not provide the information despite the deadline date on the demand. Continuing to ignore *Council's* request, the *Licensee* proceeded to file their Annual Reporting Form to *Council*. In accordance with its bylaws *Council* could not process the *Licensee's* Annual Reporting Form given the outstanding request for information. Despite this the *Licensee* continued to carry on business-as-usual, when in fact the *Licensee* was not acting in good faith with *Council* which placed the *Licensee's* licence in jeopardy. **[Related Principles: Integrity, Competence, Disclosure]**
2. A *Licensee* was sent a Delegation Order issued by the Saskatchewan Superintendent of Insurance. A Delegation Order is a legal document that requires those who receive it to fulfil the demands made within the document. The Delegation Order in question compelled the *Licensee* to provide specific information to *Council* by a specified date. The *Licensee* failed to provide all the requested information as outlined in the Delegation Order. When the Delegation Order was not complied with, the file was escalated and an Order of the Court of Queen's Bench of Saskatchewan was issued as the *Licensee* was now in violation of *The Act*. **[Related Principles: Integrity, Competence, Disclosure]**
3. A *Licensee* made a material mis-statement with respect to a question asked on the Annual Reporting Form. When questioned about the mis-statement, the *Licensee* provided misleading information to *Council* in both verbal and written form which placed the *Licensee* in violation of the *Act*. **[Related Principles: Integrity, Competence, Disclosure]**

IV: Appendix

Saskatchewan

The Saskatchewan Insurance Act

Life Insurance Council of Saskatchewan (LICS) Bylaws

LICS Guidance Note #1 – Individual Variable Insurance Contracts (IVIC's)

LICS Guidance Note #2 – Entering into a Business Transaction with a Client

Financial and Consumer Affairs Authority – Insurance Regulations and list of licenced Insurers

Government of Canada

[The Personal Information Protection and Electronic Documents Act \(PIPEDA\)](#)

[Proceeds of Crime \(Money Laundering\) and Terrorist Financing Act](#)

[The National Do Not Call List \(DNCL\)](#)

[Canada's Anti-Spam Legislation \(CASL\)](#)

Canadian Life and Health Insurance Association (CLHIA)

CLHIA Reference Document: [IVIC Suitability Needs-Based Sales Practices](#)

CLHIA Reference Document: [The Approach – Serving the Client Through Needs-based Sales Practices](#)

NOTE: The importance of conducting a thorough needs analysis in all *Client* situations has been addressed throughout the *Code* and is further reinforced in this CLHIA document entitled, The Approach. While it may be practical or perhaps more efficient to utilize a particular software for this purpose, *Licensees* must ensure that the software satisfactorily addresses the Supporting Elements outlined in The Approach. *Council* does not endorse any one software or form for this purpose, but encourages *Licensees* to seek guidance from the *Insurer(s)* and/or *Agency* they are contracted with, as well as their professional association(s), in order to identify the best choices for their practice.