



# Regulatory highlights

It is so important that customers fully understand what they are purchasing, and the options available to them, particularly when it comes to peace of mind products like life insurance. To this end, ivari continues to ensure that expectations regarding fair treatment of customers and sound commercial practices are established and integrated into agent practices and ivari oversight and monitoring systems.

## Advisor Compliance Obligations

Knowing what is expected of you, understanding how to be compliant, and ensuring that you include those compliant practices in every client interaction is key to your business success and the satisfaction of your clients.

In addition, you can be compliant and manage your business well by following a few key tips.

1. Maintain your licence in good standing, keep your E&O insurance and CE credits up to date, join insurance groups like Advocis etc., and keep up-to-date with regulatory requirements.
2. Keep your client properly informed by disclosing your credentials and the carriers you represent, and inform clients about the features, benefits and risks of each product you present and recommend
3. Collect all the necessary information from your client, but nothing more than what is necessary
4. Keep your client's information safe by never leaving it exposed in an unprotected place or on an unsecured device
5. Document your analysis and advice given to clients using forms, notes and emails so that you are always prepared for an audit or investigation.

## Escalation of Unusual Activity Reports (UAR)

Escalating unusual activity has never been easier. As an advisor, it is your obligation to notify your MGA of unusual activity as soon as you become aware of it. To assist with the reporting of a UAR, ivari has developed a platform to escalate UARs through WebCappow. As an advisor, you must bring the UAR to your MGA as soon the unusual activity is identified. UARs contribute to ivari's system of controls to identify potential AML, Privacy and Market Conduct concerns.

## Core Documents

CLHIA – <https://www.clhia.ca>

Office of the Privacy Commissioner of Canada (OPC) – <https://www.priv.gc.ca/en/>

Privacy Guide for Businesses – [https://www.priv.gc.ca/media/2038/guide\\_org\\_e.pdf](https://www.priv.gc.ca/media/2038/guide_org_e.pdf)

Canadian Council of Insurance Regulators – CCIR <https://www.ccir-ccrra.org/Home>

FINTRAC – <https://www.fintrac-canafe.canada.ca/guidance-directives/guidance-directives-eng>

## Frequently Asked Questions

ivari's Advisor Practice Review (APR) and Limited File Review (LFR) process	
Question	Answer
If an advisor is selected for an APR or LFR, what can they expect in terms of timelines, submitting documents, etc.?	<p>When selected, the advisor will receive an email from ivari Compliance, and their MGA will be copied. The advisor will have two weeks to submit the following:</p> <ol style="list-style-type: none"> <li>1. Completed questionnaire (APR only)</li> <li>2. Information on licensing requirements: license, E&amp;O and Continuing Education credits</li> <li>3. Information on statutory compliance: AML and Privacy Policy and Procedures (APR only)</li> <li>4. All needs-based sales practice documents for selected policies sold and/or managed by the advisor: Disclosure, Fact Finding (KYC), Financial Needs Analysis, Reason-Why Letter, Delivery Receipt, and Client Discussion documents.</li> </ol>
What happens after an APR is completed?	A copy of ivari's report and action plan is sent to the advisor's and the advisor's MGA office.
What would be the consequence(s) if an advisor fails the APR?	<p>Depending on the compliance gaps and deficiencies identified by ivari, the following ratings may be assigned:</p> <ul style="list-style-type: none"> <li>• Satisfactory/Improvement required/Significant improvement required/Unsatisfactory.</li> </ul> <p>ivari would work with the advisor, and their MGA office, on how to improve the deficiencies going forward.</p>

### ivari's Advisor Practice Review (APR) and Limited File Review (LFR) process *(continued)*

Question	Answer
Will the client files being requested be from the current year, or be from past years when practices may have been different?	The client files that ivari would request would mostly be within the last 12 months from the month of ivari's request. For example, a request made in March 2022, could be for files from April 2021 to March 2022.
Is the APR process specific to ivari? If an advisor doesn't have any ivari clients, then can they assume they won't receive an APR from ivari?	All insurance carriers are expected to perform APRs. ivari would not select an advisor who does not have any business with us.

### Privacy

Question	Answer
Do I have to have my own Privacy Policy or can I use my MGA's?	<p>Advisors are required to have their own compliance regime that includes Policies and Procedures complying with privacy laws and guidelines. Your MGA and privacy regulators in Canada may be able to assist with templates, tools, and resources.</p> <p>For example:</p> <ul style="list-style-type: none"> <li>• Office of the Privacy Commissioner of Canada (OPC) – <a href="https://www.priv.gc.ca/en/">https://www.priv.gc.ca/en/</a></li> <li>• The privacy commissions in Alberta and British Columbia collaborated with the OPC to create resources available here – <a href="https://oipc.ab.ca/resource/privacy-management-programs/">https://oipc.ab.ca/resource/privacy-management-programs/</a></li> <li>• Commission d'accès à l'information du Québec (CAI) – <a href="https://www.cai.gouv.qc.ca/">https://www.cai.gouv.qc.ca/</a></li> </ul>
Should I notify clients of a privacy breach?	<p>Advisors should not notify clients of a privacy breach. Instead, they should contact ivari and their MGA immediately of an actual or reasonably suspected privacy breach. The MGA, the advisor and ivari will work together to determine if there is a privacy risk to the client and what actions need to be taken to reduce that risk.</p> <p>Privacy breaches include any unauthorized access (physical or technological) to client personal information and any loss or misdirection of documents or devices containing client personal information.</p>
Is having a CRM on an advisor's phone considered a vulnerability?	<p>CRM stands for Customer Relationship Management, which is a customer management software where client details can be stored. ivari does not promote or recommend any specific software for client information/files. To keep client information secure, the advisor should implement appropriate safeguards. For example, the software should require a username and password for access. This should be required for any client portals, files the advisor keeps, and how advisors transfer client information. All advisor computers/laptops/phones should be password protected, and an additional layer of password protection should be required to access client files on these devices.</p>

## Fair Treatment of Customers (FTC)

Question	Answer
<p>What is FTC and do advisors need to be compliant with this guidance?</p>	<p>FTC Guidance encompasses concepts such as ethical behavior, acting in good faith and the forbidding of abusive practices. Insurers, MGAs and advisors must be compliant with all FTC regulations and their principles.</p> <p>For example:</p> <ul style="list-style-type: none"> <li>• The CCIR/CISRO’s Guidance on Conduct of Insurance Business and Fair Treatment of Customers</li> <li>• The AMF’s Sound Commercial Practices Guideline</li> </ul>
<p>Can you provide some examples of how advisors are to be compliant with FTC principles?</p>	<p>The following are some examples:</p> <ul style="list-style-type: none"> <li>• Providing clients with accurate and clear information that is not misleading and is sufficient for before, during and after the point-of-sale</li> <li>• Before giving advice, appropriate information should be sought from clients for assessing their insurance objectives and needs including: <ul style="list-style-type: none"> <li>– financial knowledge and experience</li> <li>– needs, priorities and circumstances</li> <li>– ability to afford the product</li> <li>– risk profile</li> </ul> </li> </ul>
<p>Do you have any suggestions for how an advisor can prove that they are treating their clients fairly?</p>	<p>Ensuring that the following is being done would be factors to indicate that an advisor is treating their clients fairly:</p> <ul style="list-style-type: none"> <li>• Taking training programs (preferably CE credited) that provide guidance on best practices for the sale of insurance, regulatory expectations, and product knowledge.</li> <li>• Taking time to explain the insurance product(s) to your client.</li> <li>• Taking additional time with vulnerable clients</li> <li>• Avoiding conflicts of interest whenever possible, and disclosing those conflicts in writing when they are unavoidable.</li> <li>• Documenting your review and advice with clients</li> <li>• Having documented best practices and demonstrating evidence of those best practices by keeping client files and privacy practices in good order.</li> </ul>

## Anti-Money Laundering

Question	Answer
We need to see the physical identification document (ID) from a client. How do we do this in this digital age?	Where an individual is not physically present, you must have a process in place to authenticate the government-issued ID. Review <a href="#">ivari's non-face-to-face application guidelines</a> .
If an advisor has been told that they must take a photo of the client holding up their ID in order to take signatures over Zoom, what is your advice in that case?	There is no requirement under the <i>Proceeds of Crime (Money Laundering) and Terrorist Financing Act</i> (PCMLTFA) to take a photo of the client with their personal ID. Additionally, due to the personal and sensitive information on identification documents, advisors SHOULD NOT make a copy of this document. See next question for alternative methods of documenting compliance with the Know Your Client obligation.
Do advisors have to keep a copy of the government-issued photo ID?	A government-issued photo identification document must be authentic, valid and current. PCMLTFA requires advisors to keep a record of the date on which they collected the information, the source of the information, the type of information referred to, and the unique identifying number included in it. Advisors should not keep a copy of this information, but it must be written in the application.
Should I send a report to FINTRAC?	Once an advisor has reasonable grounds to suspect a transaction, whether attempted or completed, is related to a money laundering or a terrorist financing offence, they must escalate to their MGA for further review as soon as the suspicious transaction is identified. Your MGA will escalate the transaction to ivari.  For more information please refer to ivari's guidance <a href="#">here</a> .

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