

**LIFE INSURANCE COMPANIES**

**SELF ASSESSMENT QUESTIONNAIRE**

**MARKET CONDUCT**

**Canadian Council of Insurance Regulators**  
June 2000

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## INTRODUCTION

### **General Statement of Intent**

The Canadian Council of Insurance Regulators is embarking on a new approach for the supervision and audit of market conduct for life insurance enterprises that operate in Canada. In developing the new supervisory framework we have looked at the current rules and industry standards of practice as a starting point to assess whether a company meets these practices.

In making its decision to become pro-active in this area, the CCIR is implementing a multi-year process to develop a system that relies on regular company self-assessments and is supported by on-site examination by the provincial regulatory authorities. The existing variations in the regulatory requirements between jurisdictions and the incomplete nature of existing industry practices has led the development team to use its own experience in preparing the questionnaire so that it covers the subject matter reasonably completely. The approach that has been adopted should improve the awareness that both the industry and the regulators have of the standards of practice and identify areas in which improvements are required. The objective is to improve the standards for the conduct of the insurance market in a cost effective way. This objective is mutually attractive to all concerned.

### **Purpose**

The purpose of this new framework is as follows:

First: To determine whether companies comply with the legislated requirements and adhere to industry best practices.

Second: To establish a self-assessment/supervisory framework that regulators can rely on with a reasonable degree of confidence.

Third: To obtain additional information regarding the practices of companies to assist in determining whether current industry practices are appropriate, up-to-date and complete.

Fourth: To encourage companies to establish internal control processes that strengthen market conduct practices.

### **Background:**

Provincial and territorial regulators are responsible for licensing and market conduct of life insurance companies and agents that operate in the province or territory. Most of the regulation that is in place deals with the financial strength of insurers while the oversight of market conduct focuses primarily on the resolution of complaints that are brought to the attention of the regulator.

In many provinces there is no formal process in place to actively supervise the market activities of life insurers that are licensed to sell business in the province. Standards of practice that are in use by the industry have evolved and developed over the years and yet customers are often not sure they know what service can be expected in a given situation. This information gap can lead to a difference in expectation for the treatment of customers. The difference in expectation is frequently the reason a complaint arises. The regulators have historically looked to the complaint resolution process as a way to close this expectation gap, improve customer satisfaction and improve standards within companies.

Ontario legislation has established the office of the Ombudsman with responsibility for responding to consumer complaints that remain unresolved after the consumer and the company has attempted to find a solution. The office of the Ombudsman also responds to complaints lodged by insurance companies against a licensed agent. This is an example of the complaint driven focus in the existing supervisory process

Guidelines for standards of sound business and financial practices have been issued by the Office of the Superintendent of Financial Institutions (OSFI) in 1997 and by Inspecteur général des Institution financières in 1998. These guidelines were prepared to assist in the evaluation of governance and the internal controls that companies have in place to assure the financial viability of the company. The market conduct audits will take a similar approach but will not focus on the financial aspects of a company's operation. Rather, the market conduct audit will focus on the elements of the company's operation that affect the ways that companies deal with consumers and the public in general.

### **Process and Timing**

The self-assessment questionnaire is intended to be the first step in establishing a more pro-active, formalized framework for the oversight of the conduct of insurance companies that operate in the province.

Every life insurance company that is licensed to sell business in Canada is expected to participate in this new process. As a general rule the regulator in the province in which the company has its head office will co-ordinate the process for all CCIR members. Information will be shared among the provincial regulators on the responses and findings that emerge from the process. This cooperative effort between the provincial regulators is intended to harmonize the process and improve efficiency for all involved.

Every company is expected to complete this self-assessment and return it to the provincial regulator that is indicated in the covering letter by Friday, September 15, 2000.

Once the responses from each company have been received the results will be studied and key areas will be identified for examination and audit. The staff of the appropriate provincial regulator will review the responses and may carry out on-site reviews of each company. While on-site, the examiners will review the evidence that the company

compiled to support the responses provided, review any actions that are planned by the company and provide initial feedback on any findings.

### **Linkage to Legislation, Regulations and Industry Standards**

In developing the particular questions, the legislative and regulatory requirements in each province were taken into consideration.

We have used the CLHIA guidelines as an indicator of what constitutes generally accepted industry standards of practice. This and regulatory requirements are intended to provide a good starting point for this new supervisory framework.

### **Confidentiality of Response**

The Completed responses will be retained in the examination files of the appropriate insurance regulatory authority. These responses will be subject to the same treatment under provincial confidentiality legislation as any other examination records. If a request is received from a third party to provide access to the response from a company, it will be processed in the normal way. That is, the company will be consulted before the information is released to the requestor.

### **The Questionnaire - Topics and Approach**

The self-assessment questionnaire deals with three topics:

- Complaint handling
- Claims handling
- Agent Screening, Monitoring and Reporting

These three topics were selected as a starting point. Other topics will be added in subsequent years.

For each topic there are a range of questions. Some are intended to assess compliance with regulations or industry guidelines and others are intended to assist the regulator and the industry to identify the practices or ranges of practices that might already be used within the industry or within a company.

In the development of this questionnaire, we worked with representatives of the industry to make the questions and the process as effective as possible.

CCIR will co-ordinate a combined assessment of the responses from all companies and will prepare a report on the results. This summary report will be distributed to all life insurers when it is completed. This will allow each company to determine how its own processes compare with the industry.

In each of these questionnaires the term “policy” is used. While we have adopted that term, it is intended to capture any formal internal written document or set of documents that set out the practices and procedures that the company expects the staff to comply with while dealing with the issue under review.

### **Records to be retained for On-site Review**

While the responses to this questionnaire are to be returned to the appropriate insurance supervisory authority, it is not intended that supporting documentation be attached to the response. It is, however, intended that each company compile and retain a file of material that supports the responses to each question so these can be reviewed by the examiners when they are on-site.

**If in the course of preparing a response to this questionnaire, the answer to a particular question is not clearly “yes” or “no”, please provide the response that is closest to the situation at your company. For these situations, please prepare a note to the file for review by the examiners when they are on-site.**

**For some of the smaller companies the internal procedures may not be formalized and the separation of duties may not be as clearly defined as they are in larger companies. Please respond to all of the questions with the response that most closely represents your situation and where it is appropriate to provide an explanation, please retain those explanations in the file for review by the examiners while they are on-site.**

### **Next Steps and Future Developments**

Our expectation is that the self-assessment approach, supported by on-site examinations by the regulators, is an effective framework for carrying out the audit of market conduct practices.

The CCIR will continue to work with the industry representatives to assess the results of this first effort, to refine this questionnaire and to develop self-assessment questionnaires on other important topics (for example: Marketing and Sales; Underwriting and Rating; Policyholder Service). From this will emerge an ongoing framework for regular updates to the self-assessment reports. More details of the ongoing process will emerge as work continues on this initiative.

We anticipate that this process will identify areas in which documented industry guidelines or practices would be beneficial to harmonize industry practices or raise performance expectations. This could lead to revised standards in areas where this is needed or it could lead to the development of new standards where gaps exist. Over time we expect this process will encourage the industry to keep the standards or guidelines

current, that companies will follow the practice standards set by the industry and customer expectations will become more consistent with company practices and vice versa.

On the other hand the process may identify areas in which legislation or regulations should be reviewed or up-dated. This could affect all provinces or a group of provinces. The CCIR intends to promote the adoption of similar legislation in all provinces so that we continue to work toward regulatory harmonization.

## COMPANY PROFILE

1. What are the major business lines written by the company in Canada? When stating the major lines please state the measure you have selected for showing its relative size (e.g. premium volume etc.) \_\_\_\_\_

		Approx. % of total Business
a.	_____	_____
b.	_____	_____
c.	_____	_____
d.	_____	_____
e.	_____	_____
f.	_____	_____

2. In what provinces/territories do you conduct business:

- G** British Columbia
- G** Alberta
- G** Saskatchewan
- G** Manitoba
- G** Ontario
- G** Quebec
- G** New Brunswick
- G** Nova Scotia
- G** Prince Edward Island
- G** Newfoundland
- G** Yukon
- G** Northwest Territories
- G** Nunavut

3. Answer this question if your company operates in the province of New Brunswick:

- A. Are contracts of insurance available to the insured
- |    |                       |     |    |
|----|-----------------------|-----|----|
| a) | in a bilingual format | Yes | No |
| b) | in an English format  | Yes | No |
| c) | in a French format    | Yes | No |

B. Are services provided in English and French on an equal basis to the insured for:

- |                          |     |    |
|--------------------------|-----|----|
| a) verbal communication  | Yes | No |
| b) written communication | Yes | No |

4. Answer this question if your company is doing business in Quebec

INDICATE BY A CHECK MARK THE METHOD(S) OF DISTRIBUTION IN QUEBEC:

**G** by representatives tied by an exclusive contract to the insurer

- Is the insurer registered with the Bureau des services financiers (BSF) in order to act as a firm? \_\_\_\_\_
- Indicate the registration member  
\_\_\_\_\_

**G** by firm(s) tied by an exclusive contract to the insurer

- supply the listing of the firm(s)/subsidiary(ies) of the insurer \_\_\_\_\_  
\_\_\_\_\_
- supply a listing of the firms, other than subsidiaries, in which the insurer holds voting shares directly or indirectly and mention the % of shares held  
\_\_\_\_\_

**G** by a firm(s) not tied by an exclusive contract to the insurer

- supply the listing of the firm(s)/subsidiary(ies) of the insurer \_\_\_\_\_  
\_\_\_\_\_
- supply a listing of the firms, other than subsidiaries, in which the insurer holds voting shares directly or indirectly and mention the % of shares held  
\_\_\_\_\_

**G** by representatives registered with the BSF as « independent representatives »

**G** by an independent partnership

**G** by a distributor in accordance with section 408 of the Act respecting the distribution of financial products and services

**G** by the holder of a restricted certificate issued by the BSF as specified in sections 445 and 447 of the Act respecting the distribution of financial products and services

**G** by direct mail

**G** by the internet network (direct transactional site - without a representative)

**G** other(s) method(s): Please specify \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

# **COMPLAINTS HANDLING**

## COMPLAINTS HANDLING

In general terms the legislation in this area provides little guidance as to the details on what would be expected of a company in dealing with complaints. Legislation has generally emerged from situations in which company behavior has led to complaints because the public or legislators wanted to be dealt with in a specific manner. Compliance with the legislation should bring company practices more in line with consumer expectations and therefore reduce the number of complaints. Good internal controls around company policy strengthen the degree to which the company complies with its policy. This in turn helps to reduce the number of complaints the company might receive.

Legislation does prohibit such matters as unfair discrimination, the making of unfair comparisons of products and making false statements. To meet this requirement, companies must have sound controls around the sales and marketing efforts. Therefore many of the questions in the section deal with internal controls issues.

The Ombudsman Liaison Officer is a requirement of Ontario legislation and that legislation is not intended to be extra-territorial. Many companies have introduced the concept to its complaint handling process across Canada. This matter is therefore one that deals with compliance in Ontario and a standard of good practice in other provinces.

As with the other areas covered by this self-assessment questionnaire, we have used the CLHIA guidelines as a basis for determining generally accepted industry standards of practice are. This provides a good starting point for this new supervisory framework.

The industry guideline (CLHIA guideline 107) on this topic sets out the principles for companies to follow in developing internal company practices. Many of the questions on this topic have been developed from what we know are some of the good practices that companies have adopted. The CLHIA guidelines have been used as a basis for determining what generally accepted industry standards of practice are.

Current legislation and industry guidelines do not prescribe what constitutes a complaint. Therefore, it is important that companies and the staff have a good understanding of their definition of what constitutes a complaint so that compliance with company policy can be assessed.

The questions on this topic are therefore based on the general principle that the board of directors needs to have a means of establishing the policy of the company, of implementing the policy, of monitoring compliance with its policy and of taking remedial action when non compliance occurs or when the policy needs to be updated.

***Please refer to the “Introduction” before completing this segment.***

## COMPLAINTS HANDLING

**Questions**

**Reply**

### **Reported Experience**

In responding to the questions in this section please use the business line segmentation that is used in your company. In this self assessment questionnaire Yes/No answers should not be interpreted as good or bad but have been modeled to provide information about complaint handling practices in place.

1. What were the most common reasons for complaints over the past year?

- a. \_\_\_\_\_
- b. \_\_\_\_\_
- c. \_\_\_\_\_
- d. \_\_\_\_\_
- e. \_\_\_\_\_
- f. \_\_\_\_\_

### **DEVELOPMENT OF A POLICY**

2. Is there a documented complaint handling policy in place? Yes    No

3. What position(s) or committee in the company has approved this policy?

\_\_\_\_\_

4. What position is responsible for maintaining the policy?

\_\_\_\_\_

## COMPLAINTS HANDLING

### Questions

### Reply

#### CONTENT OF POLICY

If you have variations in how you handle complaints, please attach details as part of the response to each question.

- |     |   |     |    |
|-----|---|-----|----|
| 5.  | Does the policy define “complaint”?   | Yes | No |
| 6.  | Does your policy contain procedures for complaints relating to:                               |     |    |
|     | a. Company products   | Yes | No |
|     | b. Handling of claims   | Yes | No |
|     | c. Agents   | Yes | No |
|     | d. Advertising  | Yes | No |
|     | e. Marketing materials  | Yes | No |
|     | f. Other company services   | Yes | No |
| 7.  | Does the policy state time lines for response?  | Yes | No |
| 8.  | Does the policy define other performance measures?<br>If yes, please attach details.          | Yes | No |
| 9.  | Does the policy state procedures for escalating the review<br>within your company?            | Yes | No |
| 10. | Does the policy set out a consumer appeals process?   | Yes | No |
| 11. | Does the policy set out a process for informing claimants of the<br>company’s appeal process? | Yes | No |
| 12. | Does the policy cover all business lines?<br>If no, state exceptions_____                     | Yes | No |

## COMPLAINTS HANDLING

### Questions

### Reply

#### CONTROLS, MANAGEMENT AND REPORTING

13. Is the policy documentation made available to:
- |    |  |     |    |
|----|--|-----|----|
| a. | all staff who deal with the public                             | Yes | No |
| b. | members of your distribution system (sales and administration) | Yes | No |
| c. | corporate entities through which the company does business     | Yes | No |
14. What position/s has responsibility for ensuring the policy is followed ?
- Position \_\_\_\_\_
15. Is a register maintained for complaints received about the company's:
- |    |                        |     |    |
|----|------------------------|-----|----|
| a. | Products               | Yes | No |
| b. | Handling of claims     | Yes | No |
| c. | Agents                 | Yes | No |
| d. | Advertising            | Yes | No |
| e. | Marketing materials    | Yes | No |
| f. | Other company services | Yes | No |
- If yes, where is it kept? \_\_\_\_\_
- \_\_\_\_\_
16. Do you have a process in place to monitor the effectiveness of the policy?
- |  |  |     |    |
|--|--|-----|----|
|  |  | Yes | No |
|--|--|-----|----|
17. Are reports prepared of the monitoring findings?
- |  |  |                          |  |
|--|--|--------------------------|--|
|  | a. For the board                         | <input type="checkbox"/> |  |
|  | b. For senior management group           | <input type="checkbox"/> |  |
|  | c. For a senior executive of the company | <input type="checkbox"/> |  |



## COMPLAINTS HANDLING

<b>Questions</b>	<b>Reply</b>
23. Is there an Ombudsman Liaison Officer appointed? If yes, state the level of position of the appointed Ombudsman Liaison Officer  _____	Yes    No
24. Has the Ontario regulator been notified that a policy/protocol is in place?	Yes    No

### COMMENTS

25. Are you planning any significant changes in your complaint handling process?  If yes, please attach a brief description:	Yes    No
26. Have you compared your complaint handling process with the practices followed by any other organization?  If yes, please retain the report/and or summary of the findings on file.	Yes    No

### CONTACT

Who should be the primary contact to discuss the responses provided in this questionnaire?

Name \_\_\_\_\_

Position \_\_\_\_\_

Telephone \_\_\_\_\_ email address \_\_\_\_\_ Fax # \_\_\_\_\_

**COMPLAINTS HANDLING**

**Self Assessment Questionnaire**

Name of Company\_\_\_\_\_

Name/Title of Officer\_\_\_\_\_

I have knowledge of the information provided in this self assessment questionnaire. The information provided fairly represents the policies followed by the company.

Signature of Officer \_\_\_\_\_

Date, Location\_\_\_\_\_

**This certificate should be signed by the senior most official responsible for the complaint handling functions.**

## **CLAIMS HANDLING**

## CLAIMS HANDLING

The legislation in this area has generally emerged from situations in which company actions or decisions have led to complaints because the public or legislators wanted to be dealt with in a specific manner. Compliance with the legislation should make company practices more in line with consumer expectations and therefore reduce the number of complaints. Good internal controls around company policy strengthen the degree to which the company complies with its policy. This in turn helps to reduce the number of complaints the company might receive.

As a general comment, legislation dealing with claims is intended to establish practices that lead to the fair and timely settlement of claims.

In order to effectively manage its claims settlement activities, companies should have in place written policies which set out the practices, requirements and standards, that employees are expected to follow in dealing with claims. Internal controls, supported by review and reporting processes will help ensure that the policy is followed and kept up-to-date.

As with the other areas covered by this self-assessment questionnaire, we have used the CLHIA guidelines as a basis for determining what generally accepted industry standards of practice are. This provides a good starting point for this new supervisory framework.

Many of the questions on this topic have been developed from what we know are some of the practices that companies have adopted. The CLHIA has several documented guidelines dealing with claims. Our focus has been on the matters covered by Guidelines 61, 100, 102, and 104 as a basis for determining generally accepted industry standards of practice are. The questions in this questionnaire are directed at the principles supporting these industry standards rather than on compliance with the details that are contained in the documentation.

### **Limited Scope of Claims to be Considered**

Although claims can be defined more broadly, a more restrictive definition of claims is considered for this questionnaire. Responses should be restricted to the following types of claims:

- insured claims as opposed to ASO business
- death claims
- disability income claims

In the future, subsequent questionnaires on claims handling could be developed to deal with other types of claims.

*Please refer to the "Introduction" before completing this segment.*

## CLAIMS HANDLING

### Questions

### Reply

#### Reported Experience

In responding to the questions in this section the business line categories means the business line segmentation which is used in your company. In this self assessment questionnaire yes/no answers should not be interpreted as good or bad, but have been modelled to provide information about claims handling practices in place.

- |    |  |     |    |
|----|--|-----|----|
| 1. | Do you offer:  |     |    |
|    | a. Individual Life policies  | Yes | No |
|    | b. Group Life policies   | Yes | No |
|    | c. Individual Disability Income policies   | Yes | No |
|    | d. Group Disability Income policies  | Yes | No |
|    | e. Accidental Death policies   | Yes | No |
|    | f. Disability income or waiver of premium riders   | Yes | No |
| 2. | Is statistical information about claims regularly produced by your company?  | Yes | No |
|    | If yes, does this include information re:  |     |    |
|    | a. claims settled  | Yes | No |
|    | b. claims closed   | Yes | No |
|    | c. claims denied   | Yes | No |
| 3. | Does the information include the average time for settlement of claims for each of the lines listed in question 1? | Yes | No |
| 4. | If yes, please provide statistics on average time for settlement for year 1999.                                    |     |    |
|    | a. Individual Life policies_____   |     |    |
|    | b. Group Life policies_____  |     |    |
|    | c. Individual Disability Income policies_____  |     |    |
|    | d. Group Disability Income policies_____   |     |    |
|    | e. Accidental Death policies_____  |     |    |
|    | f. Disability income or waiver of premium riders_____  |     |    |

## CLAIMS HANDLING

Questions

Reply

	Individual		Group	
	Life & A D	D.I. D.I. Rider WP Rider	Life & A D	Disability Income
<b>DEVELOPMENT OF POLICY</b>				
The questions in this section relate to industry practices and existing regulations. As stated in the preamble you are required to complete the answers for individual life policies, group life policies, individual disability income policies, group disability income policies, accidental death policies, and disability income or waiver of premium riders only. If there is an exception or variation in policies by location, product line etc., please state.				
5. Is there a documented claims handling policy in place?	Yes/No	Yes/No	Yes/No	Yes/No
6. What position(s) or committee in the company has approved this policy? a. _____ b. _____ c. _____ d. _____	(a)	(b)	(c)	(d)
7. When was the policy last amended?	Date	Date	Date	Date

## CLAIMS HANDLING

### Questions

### Reply

	Individual		Group	
	Life & A D	D.I. Rider WP Rider	Life & A D	Disability Income
<b>CONTENT OF POLICY</b>				
8. Does the policy define time lines for:	Yes/No	Yes/No	Yes/No	Yes/No
a. responses to claimants enquiries	Yes/No	Yes/No	Yes/No	Yes/No
b. acknowledgement of receipt of duly completed claims documentation from the claimant	Yes/No	Yes/No	Yes/No	Yes/No
c. settlement of the claim				
9. Does the policy define other company performance expectations? If yes, please attach details.	Yes/No	Yes/No	Yes/No	Yes/No
10. Does the policy state procedures for escalating the review within your company?	Yes/No	Yes/No	Yes/No	Yes/No
11. Does policy address information that a claimant should receive when a claim is denied?	Yes/No	Yes/No	Yes/No	Yes/No
12. Does the policy state procedures for a claimant appeals process?	Yes/No	Yes/No	Yes/No	Yes/No
13. Does the policy set out a process for informing claimants of the company's appeal process?	Yes/No	Yes/No	Yes/No	Yes/No
14. Does the policy provide for mediation of disputes?	Yes/No	Yes/No	Yes/No	Yes/No

## CLAIMS HANDLING

### Questions

### Reply

	Individual		Group	
	Life & A D	D.I. Rider WP Rider	Life & A D	Disability Income
15. Does the policy provide for arbitration of disputes?	Yes/No	Yes/No	Yes/No	Yes/No
16. Does the policy address procedures for dealing with suspected fraud by claimants?	Yes/No	Yes/No	Yes/No	Yes/No
17. Does the policy cover the use of outside investigators?	Yes/No		Yes/No	
18. Does the policy cover the following:	Yes/No		Yes/No	
a. Payment of interest on delayed death claim.				
b. Interest rate for the payment of interest on delayed death claims is consistent with the rate of interest on policy proceeds left on deposit with the company.	Yes/No		Yes/No	
c. Provision for the coordination of benefits where claimant is eligible to claim from more than one source.(e.g. another insurer, CPP, QPP, EI)		Yes/No		Yes/No
d. Group arbitration procedures where there has been a change in insurer, requiring a claim to be paid promptly, generally by the new insurer and provision to resolve any dispute between the two insurers.			Yes/No	Yes/No
e. The insurance policy document does not have to be returned to settle a death claim.	Yes/No			

## CLAIMS HANDLING

### Questions

### Reply

	Individual		Group	
	Life & A D	D.I. D.I. Rider WP Rider	Life & A D	Disability Income
19. a. Does the policy cover handling of personal information?	Yes/No	Yes/No	Yes/No	Yes/No
b. If no, is it linked to your company's privacy code?	Yes/No	Yes/No	Yes/No	Yes/No
<b>CONTROLS AND MANAGEMENT REPORTING</b>				
20. Is the policy made available to all individuals handling claims?	Yes/No	Yes/No	Yes/No	Yes/No
21. What position has responsibility for ensuring the policy is followed? a. _____ b. _____ c. _____ d. _____	(a)	(b)	(c)	(d)
22. Do you have a process in place to monitor the effectiveness of the policy?	Yes/No	Yes/No	Yes/No	Yes/No

## CLAIMS HANDLING

### Questions

### Reply

	Individual		Group	
	Life & A D	D.I. D.I. Rider WP Rider	Life & A D	Disability Income
23. Are reports prepared of the monitoring findings?  a. For the board b. For senior management group c. For a senior executive of the company	Yes/No  <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Yes/No  <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Yes/No  <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Yes/No  <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
24. If yes, how often do you prepare such reports?  a. Twice or more a year b. Annually c. Every two years d. Less often than every two years	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

## CLAIMS HANDLING

### Questions

### Reply

	Individual		Group	
	Life & A D	D.I. D.I. Rider WP Rider	Life & A D	Disability Income
<p>25. Is an independent review of the complaint handling process conducted periodically? If yes, by whom.</p> <p style="margin-left: 20px;">a. Internal audit</p> <p style="margin-left: 20px;">b. Other</p> <p>If yes, when was the last review conducted?</p>	<p>Yes/No</p> <p>a _____</p> <p>b _____</p> <p>Date</p> <p>_____</p>	<p>Yes/No</p> <p>a _____</p> <p>b _____</p> <p>Date</p> <p>_____</p>	<p>Yes/No</p> <p>a _____</p> <p>b _____</p> <p>Date</p> <p>_____</p>	<p>Yes/No</p> <p>a _____</p> <p>b _____</p> <p>Date</p> <p>_____</p>
<p>26. Are the results of this independent review reported? If yes, to which position or committee is the report made?</p> <p style="margin-left: 20px;">a. _____</p> <p style="margin-left: 20px;">b. _____</p> <p style="margin-left: 20px;">c. _____</p> <p style="margin-left: 20px;">d. _____</p> <p>If no, go to question 28.</p>	<p>Yes/No</p> <p>(a)</p>	<p>Yes/No</p> <p>(b)</p>	<p>Yes/No</p> <p>(c)</p>	<p>Yes/No</p> <p>(d)</p>

## CLAIMS HANDLING

### Questions

### Reply

	Individual		Group	
	Life & A D	D.I. Rider WP Rider	Life & A D	Disability Income
27. a. Did any recommendations for changes emanate from the independent review?	Yes/No	Yes/No	Yes/No	Yes/No
b. If yes, have the recommendations been implemented?	Yes/No	Yes/No	Yes/No	Yes/No
<b>PROVINCE SPECIFIC REQUIREMENTS</b>				
The following requirements apply to the Province of Ontario. See Bulletin 22/94 General				
<b>Accelerated Death Benefits (living benefits)</b>				
These questions do not apply to accidental death benefits.				
28. a. Do you offer accelerated death benefits?	Yes/No		Yes/No	
b. If yes, please attach brief details of terms under which accelerated benefits are offered.				

## CLAIMS HANDLING

### Questions

### Reply

	Individual		Group	
	Life & A D	D.I. Rider WP Rider	Life & A D	Disability Income
29. If accelerated benefits are offered has the company communicated the information about this option to:				
a. All staff who deal with the public	Yes/No		Yes/No	
b. Members of your distribution system (sales and administration)	Yes/No		Yes/No	
c. Policy service staff (customer service)	Yes/No		Yes/No	
d. Corporate entities through which the company does business	Yes/No		Yes/No	
e. Policyholders	Yes/No		Yes/No	

## CLAIMS HANDLING

### COMMENTS

30. Are you planning any other significant changes in your claims handling process? Yes No

If yes, please attach brief details.

31. Have you compared your claims handling practices with any other organization? Yes No

If yes, please retain the report and/or summary of the findings on file.

### CONTACT

Who should be the primary contact to discuss responses provided in this questionnaire?

Name \_\_\_\_\_

Position \_\_\_\_\_

Telephone # \_\_\_\_\_ email address \_\_\_\_\_ Fax # \_\_\_\_\_

Location \_\_\_\_\_

**CLAIMS HANDLING**

**Self Assessment Questionnaire**

Name of Company\_\_\_\_\_

Name/Title of Officer \_\_\_\_\_

I have knowledge of the information provided in this self assessment questionnaire. The information provided fairly represents the policies followed by the company.

Signature of Officer\_\_\_\_\_

Date, Location\_\_\_\_\_

**This certificate should be signed by the senior most official responsible for the Claims Handling functions.**

# **AGENT SCREENING, MONITORING AND REPORTING**

## **AGENT SCREENING, MONITORING AND REPORTING**

This topic is covered in varying levels of detail in the Insurance Acts of each province and territory. These pieces of legislation collectively deal with many important elements of the ways that companies should select people to represent them, to monitor their activities and report on unsuitable agents to the appropriate insurance regulators.

In order to effectively manage these responsibilities companies should have written policies which set out at least the minimum standards and processes that the company needs to have in place. A review and reporting process to ensure that the policy is followed and kept up-to-date should support this.

The questionnaire is intended to cover agents that are contracted by the company. The use of the term "agent" is meant to cover agents, brokers, MGAs, corporate marketing entities, etc.

Many of the questions on this topic have been developed from what we know are some of the practices that companies have adopted. The CLHIA has set out a guideline for industry standards in this area. This describes the forms and data that should be collected and reported on agents. We have focused on the issues discussed in Guideline 81 in this questionnaire as a basis for determining generally accepted industry standards. The questions in this questionnaire are directed at the principles supporting these industry standards rather than on compliance with the details that are contained in the documentation.

*Please refer to the “Introduction” before completing this segment.*

**AGENT SCREENING, MONITORING AND REPORTING**

**Questions**

**Reply**

**Reported Experience**

In responding to this questionnaire please interpret the word agent to mean all types of contracted producers (these could refer to agents, MGA’s, corporate agencies etc.) In this self assessment questionnaire “Yes/No” answers should not be interpreted as good or bad but rather they have been designed to provide information about agent screening, monitoring and reporting practices in place.

<p>Individual Agents/Corporate Agents are those with whom the company has a direct contract for the sale of products; and National Accounts are those with whom the company does not have a direct contract but are selling for another entity with whom the company does have a contract.</p>		
<p>1. Please provide the following background information:</p>	<p>Individual Agents/Corporate Agents</p>	<p>National accounts (e.g. Securities and Mutual Fund Dealers)</p>
<p>a. Total number of active contracts at December 31, 1999 - sponsored - non sponsored</p>	<p>_____</p>	<p>_____</p>
<p>b. Number of new contracts during 1999</p>		
<p>c. Number of agent contracts terminated during 1999</p>		
<p>d. Number of agent contracts terminated during 1999 for unsuitability</p>		
<p>e. Number of agents for which a report for unsuitability was completed for a regulator in 1999 (e.g. Life Agent Reporting Form for Ontario etc)</p>		

## AGENT SCREENING, MONITORING AND REPORTING

Questions	Reply	
2. Have you made a <b>significant</b> change or addition to the distribution channels used by your company during 1999? If yes, specify _____ _____ _____	Yes	No

## DEVELOPMENT OF POLICY ON SCREENING, MONITORING AND REPORTING

3. Is there a documented policy concerning:		
a. agent screening	Yes	No
b. monitoring	Yes	No
c. reporting	Yes	No
4. What position(s) or committee in the company has approved this policy? _____		
5. Is there a document covering standards of conduct for agents (e.g. code of conduct)?	Yes	No
a. Is the document reviewed periodically to ensure that it continues to be current?	Yes	No
b. When was the document last reviewed or changed? _____		
c. Are all agents provided a copy?	Yes	No

## AGENT SCREENING, MONITORING AND REPORTING

### Questions

### Reply

6. Is there more than one policy document to cover different types of contractual arrangements (e.g. sponsored agent, corporate agencies, national accounts) Yes No  
If yes, please identify them\_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

### CONTENT OF POLICY (SCREENING, MONITORING AND REPORTING)

If your documented policy makes distinction between the different types of agents, please indicate how your response differs as a result. Please attach your comments.

7. Does your policy deal with:

#### Screening

- |    |   |     |    |
|----|---|-----|----|
| a. | minimum information that must be gathered for screening | Yes | No |
| b. | forms to be completed                                   | Yes | No |
| c. | action to corroborate application                       | Yes | No |
| d. | action to be taken if information is negative           | Yes | No |

#### Monitoring

- |    |   |     |    |
|----|---|-----|----|
| e. | monitoring to be conducted                        | Yes | No |
| f. | type of information to be gathered for monitoring | Yes | No |
| g. | responsibility for monitoring                     | Yes | No |
| h. | circumstances requiring investigation             | Yes | No |
| i. | investigative and disciplinary process            | Yes | No |

#### Reporting

- |    |   |     |    |
|----|---|-----|----|
| j. | reporting unsuitable agents to regulators | Yes | No |
|----|---|-----|----|

## AGENT SCREENING, MONITORING AND REPORTING

<b>Questions</b>		<b>Reply</b>
8.	Does your policy require you to check agent’s background and do a reference check?	Yes    No
	If yes, does it include actions and/or check for the following:	
	a.    bankruptcy and financial instability	Yes    No
	b.    prior questionable work experience	Yes    No
	c.    licensing	Yes    No
9.	Does the policy or any other document concerning agents’ conduct address the following:	
	a.    Holding out as a life insurance agent	Yes    No
	b.    Agent’s conduct when giving advice	Yes    No
	c.    “Needs analysis”	Yes    No
	d.    Protection of personal information	Yes    No
	e.    Representations and Advertising Standards	Yes    No
	f.    Unfair Trade Practices	Yes    No
	g.    Rules governing replacement of life insurance policies	Yes    No
10.	Is the <b>screening</b> process centralized in the company	Yes    No
	If no, how is the process coordinated? Please attach a brief description.	
	If yes, please state if:	
	a.    One individual has the responsibility?	Yes    No
	b.    A committee or department has the responsibility?	Yes    No
11.	Does your <b>screening</b> policy provide for exceptions in the selection policy?	Yes    No
	If yes, to whom is the authority given to allow the exception:	
	_____	

## AGENT SCREENING, MONITORING AND REPORTING

Questions	Reply
12. Is the <b>monitoring</b> process centralized in the company?	Yes No
If no, how is the process coordinated? Please attach a brief description.	
If yes, please state if:	
a. One individual has the responsibility?	Yes No
b. A committee or department has the responsibility?	Yes No
13. Is the <b>reporting</b> process centralized in the company?	Yes No
If no, how is the work coordinated? Please attach a brief description.	
If yes, please state if:	
a. One individual has the responsibility?	Yes No
b. A committee or department has the responsibility?	Yes No

## CONTROLS AND MANAGEMENT REPORTING

14. Is the documented policy related to screening, monitoring and reporting provided to:	
a. Individuals involved in recruiting	Yes No
b. Individuals involved in screening	Yes No
c. Committee/individuals involved in contracting with agent	Yes No
d. Individuals monitoring the continual activity of agents	Yes No
15. What position/s has responsibility for ensuring the policy is followed ?	
Position _____	

## AGENT SCREENING, MONITORING AND REPORTING

Questions	Reply
16. Do you have a process in place to monitor the effectiveness of the policy?	Yes    No
17. Are reports prepared of the monitoring findings?	Yes    No
a. For the board	<input type="checkbox"/>
b. For senior management group	<input type="checkbox"/>
c. For a senior executive of the company	<input type="checkbox"/>
18. If yes, how often do you prepare such reports?	
a. Twice or more a year	<input type="checkbox"/>
b. Annually	<input type="checkbox"/>
c. Every two years	<input type="checkbox"/>
d. Less often than every two years	<input type="checkbox"/>
19. Is an independent review of the agent screening, monitoring and reporting process conducted periodically?	Yes    No
If yes, by whom.	
a. Internal audit _____	
b. Other _____	
If yes, when was the last review conducted? _____	
20. Are the results of this independent review reported?	Yes    No
If yes, to which position or committee is the report made?	
_____	
If no, go to question 23.	

## AGENT SCREENING, MONITORING AND REPORTING

Questions	Reply
21. Did any recommendations for changes emanate from the independent review?	Yes No
22. If yes, have the recommendations been implemented?	Yes No
23. Do you delegate responsibility for any of the following to third parties:	
a. screening	Yes No
b. monitoring	Yes No
c. reporting	Yes No
Is this delegation covered by contract?	Yes No
24. Do you monitor the performance of the delegated functions performed by the third parties?	Yes No
25. Does your policy cover the following:	
a. verification of agent's licence before issuing an agent's contract	Yes No
b. verification of agent's licence status before paying commissions	Yes No
c. verification of valid errors and omissions insurance in jurisdictions where errors and omissions insurance is required	Yes No

### COMMENTS

26. Are you planning any significant changes to your policy for:	
a. screening	Yes No
b. monitoring	Yes No
c. reporting	Yes No

If yes, please attach brief details:

**AGENT SCREENING, MONITORING AND REPORTING**

**Questions**

**Reply**

27. Have you compared your screening, monitoring and reporting practices with any other organization?

Yes No

If yes, please retain the report and/or summary of the findings on file.

**CONTACT**

Who should be the primary contact to discuss the responses provided in this questionnaire?

Name\_\_\_\_\_

Position\_\_\_\_\_

Telephone #\_\_\_\_\_ email address\_\_\_\_\_ Fax #\_\_\_\_\_

Location\_\_\_\_\_

**AGENTS SCREENING, MONITORING AND REPORTING**

**Self Assessment Questionnaire**

Name of Company \_\_\_\_\_

Name/Title of Officer \_\_\_\_\_

I have knowledge of the information provided in this self assessment questionnaire. The information provided fairly represents the policies followed by the company.

Signature of Officer \_\_\_\_\_

Date, Location \_\_\_\_\_

**This certificate should be signed by the senior most official responsible for Agents Screening, Monitoring and Reporting.**

## Certificate of Company Officer

Name of Company \_\_\_\_\_

Name of Chief Executive Officer \_\_\_\_\_

I have knowledge of the information provided in this self assessment questionnaire. The information provided fairly represents the policies followed by the company.

Signature of Chief Executive Officer \_\_\_\_\_

Date, Location \_\_\_\_\_