

## YOUR OBLIGATIONS REGARDING LIFE INSURANCE POLICY REPLACEMENT

### Acting in the client's best interests

Your first and foremost goal is to ensure that the client's needs are met and that his/her best interests come first. Before suggesting a replacement, representatives must take into consideration the client's current and future needs along with his/her objectives and financial circumstances.

### Disclosure

It is the representative's responsibility to disclose all information needed so that the client has a good understanding of the impact the replacement will have on his/her financial situation and insurability status.

### Written explanation

In all provinces (except Québec), representatives must provide clients with a written explanation of the advantages and disadvantages associated with the intended replacement. This explanation must be provided to the client before starting a new application. The client must also have the opportunity to ask questions to determine if the replacement is in his/her best interests.

In your written explanation, you must compare the client's current situation with his/her situation if you were to replace the policy. The analysis of both the existing policy and the proposed insurance policy should cover the following topics:

- Type of policy (term, whole life, or universal life)
- Death benefit, cash value, dividends, or other financial components of the proposed policy
- Cash value, loans, dividends, etc. in the existing policy
- Any plans or benefits that may be lost
- Any charges that might apply due to cancellation
- Guarantees
- Premium increases or decreases
- Suicide, contestable period, and contractual exclusions
- Tax considerations

Your written explanation must demonstrate that the replacement is justified and is in the best interests of the client. If the policy has lapsed or may lapse, you must consider the benefits of keeping the policy in force or of reinstating the policy.

In Québec, you must complete a financial needs analysis (FNA) with the insured or policyholder before suggesting a replacement.

If the FNA suggests the client would be best served by replacing an existing policy, the representative must demonstrate this in writing by completing the Notice of Replacement of Insurance of Persons Contract. In order to do so, the representative must gather all the facts, which means that the client's existing policies must be available for analysis and comparison purposes. The representative must explain the application to the client and ensure that he/she has a clear understanding of the situation.

- The Autorité des marchés financiers (AMF) provides the following form to complete when replacing life insurance, disability insurance, or critical illness insurance policies: [Notice of Replacement of Insurance of Persons Contract](#).
- The Notice must be signed by the representative on the same day as the application. We require that you remit this Notice to Assumption Life and to the other insurers concerned within five business days from the signing of the application.
- You must obtain the client's signature at the latest upon delivery of the new policy.
- A copy signed by both the client and the representative must be kept in the representative's file.

## DELIVERY REQUIREMENTS

Province	FORMS THAT REPRESENTATIVES MUST SUBMIT TO:		
	Client	New Insurer	Existing Insurer
Alberta	LIRD & written explanation		
British Columbia	LIRD & written explanation		
Manitoba	LIRD & written explanation	LIRD	
New Brunswick	LIRD & written explanation		
Newfoundland and Labrador	LIRD & written explanation	LIRD & written explanation	LIRD
Northwest Territories*	LIRD (optional)		
Nova Scotia	LIRD & written explanation		
Nunavut*	LIRD (optional)		
Ontario	LIRD & written explanation	LIRD & written explanation	LIRD
Prince Edward Island	LIRD & written explanation		
Québec	<ul style="list-style-type: none"> <li>• <i>Notice of Replacement of Insurance of Persons Contract</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Notice of Replacement of Insurance of Persons Contract</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Notice of Replacement of Insurance of Persons Contract</i></li> </ul>
Saskatchewan	LIRD & written explanation		
Yukon*	LIRD (optional)		

LIRD – *Life Insurance Replacement Declaration*

\* *The Insurance Acts of the NWT, Nunavut, and Yukon do not prescribe replacement disclosure. While representatives may provide clients with such documentation as they deem appropriate, use of the LIRD is recommended.*