

**DATE:** 01 June 2019

**Nº. 2019-07**

**CATEGORY:** **CONTRACTING**

**TO:** Managing General Agents, Associate General Agents, Advisors, General Agents and Independent Financial Advisors.

**SUBJECT:** **SPONSORSHIP**

**Description** Many provincial insurance regulators require advisors to be sponsored by an insurance company under certain circumstances. As a sponsoring company, Empire Life has an increased responsibility in the eyes of the regulator when it comes to advisor suitability and monitoring.

**Criteria for Sponsorship** We take the responsibility of sponsorship very seriously and will only consider sponsoring an individual's licence under the following conditions:

- Advisor is part of a legitimate succession plan for a significant block of Empire Life business and is setup to receive appropriate training and supervision while moving toward succession and the advisor providing training and supervision agrees to report regularly on those activities using a format provided and reviewed by Empire Life.
- Advisor is setup to receive formal training and supervision from the MGA (or AGA if applicable) and MGA (or AGA) agrees to report regularly on the training and supervision using a format provided or reviewed by Empire Life.

If the advisor meets the above criteria, please send a request for sponsorship to [distribution.practices@empire.ca](mailto:distribution.practices@empire.ca). Your request will be reviewed with the Regional Vice President, Distribution for the applicable region and if it has been approved, you will be advised to send sponsorship documentation to our Distribution Services team for processing.

**Exceptions** If you have a situation for sponsorship that falls outside of the criteria and would like it to be considered for an exception, please provide the business case in writing to your Regional Vice President, Distribution who will consider it to determine if we would be willing to make an exception.

**Production Requirements** Sponsored advisors will be required to produce at least \$10,000 FYC annually with the bulk of the advisor's overall business submitted to Empire Life. We realize that advisors choose products based on what is in the best interest of the client and that may mean placing business with other carriers. However, Empire Life is held accountable for the activities of their sponsored advisors and if the bulk of an advisor's business is going to another carrier, it is difficult for us to monitor. Advisors should seek sponsorship from the insurance carrier with whom they do the most of their business.

**Monitoring** Sponsorships will be assessed prior to each sponsorship renewal to determine whether we will continue to sponsor the licence. In addition to production levels, Empire Life will also review internal data in areas such as persistency, consumer complaints and market conduct issues. This enables us to have a well-rounded view of the sponsored advisors practices.

If we determine we are agreeable to renewing, we will contact sponsored advisors 90 days prior to the renewal, requesting completion of a compliance questionnaire to confirm they are in compliance with industry and regulatory requirements. Completion is mandatory and needs to be done as soon as possible after receipt of questionnaire to ensure renewal of licence occurs in a timely manner. Any deficiencies that are noted will be required to be remedied within 60 days.

If you have any questions regarding sponsorship qualifications, please contact your Regional Vice President, Distribution.

**Reference** Lisa Lawlor, Director, Distribution Practices

