

EMPIRE LIFE INFORMATION CIRCULAR

DATE: July 11, 2011

Nº. 2011-19

CATEGORY : GENERAL

TO : Managing General Agents

SUBJECT : Block Transfer Rules—Revised July 2011

The following are the revised rules for transfers of business of a Broker/Associate General Agent (AGA) from one Managing General Agent (MGA) to another MGA contracted by Empire Life.

Transfer eligibility

- Empire Life will not approve transfers if there is any outstanding debt attributed to the party from which the business is being transferred, regardless of whether the debt is with Empire Life or another carrier.
- All transfers are implemented at the discretion of Empire Life.
- If the releasing MGA does not sign the *B0072 Policy Transfer Request Form*, Empire Life will process the transfer of business to the new MGA 30 days after receipt of the transfer request.
- Empire Life will no longer enforce our Free Agent Rule—brokers are no longer required to complete a release to move from one MGA to another without their block of business.
- Empire Life no longer charges the \$250 broker transfer fee. However, if a broker transfers more than once within a 12-month period, a \$500 fee may be applied.
- Independent Financial Advisors (IFAs) with a direct relationship to Empire are not eligible.

Compensation

- If an MGA does not sign the *B0072 Policy Transfer Request Form*, Empire Life will transfer the block of business. The price will be set at **five times the eligible life premium service fees** as per the *MGA Compensation Agreement, Schedule of Additional Compensation*, on the life insurance business and **0.0025 times Assets Under Management (AUM)** on Segregated Funds.
- Empire Life will advise both MGAs of the amounts involved. The receiving MGA will be expected to send a cheque for the full amount to the releasing MGA within 30 days of the date the transfer request was received at Empire Life.
- All first year compensation on any new business from the effective date of the transfer will be paid to the new MGA.
- Renewal commission and services fees will transfer to the new MGA.

Effective date of transfer

- The effective date of the transfer will follow when Field Compensation receives confirmation that the transfer cheque for the full amount has been received by the releasing MGA.
- Upon receipt of the transfer request, a block valuation of all lines of business will be provided to the releasing MGA.
- Any new business pending will not be part of the valuation but will be provided as a separate listing.
- All new business pending associated with the block being transferred will be moved to the new MGA on the effective date of the agreement.
- Once the transfer is complete, a block valuation including client information will be provided to the receiving MGA.

For information on valuations or to request a valuation of a block of business, please contact Field Compensation at field.compensation@empire.ca.

Reference **Alison Taylor**, Manager, Dealer Services, Retail Operations