

Information About The New LIRD

The Life Insurance Council of Saskatchewan has replaced the Basic Disclosure Statement (BDS) with the new **Life Insurance Replacement Declaration (LIRD)**.

Council believes that full and adequate disclosure is best accomplished through a combination of point of sale disclosure and use of the LIRD.

Life agents currently have and will continue to have a duty to provide full and complete disclosure. The only difference is the agent will not have to complete a BDS form. He or she will have more control, and at the same time, more responsibility to provide the consumer with adequate and full disclosure. The level of disclosure required in any given situation will vary depending on a number of factors, including the complexity of the transaction and the sophistication of the client.

Life agents will have the ability to establish the level and method of disclosure that is appropriate in the circumstances.

Agents will continue to have a duty to adequately document a transaction through file notes, needs analysis, correspondence or other means as these will be asked for in the event a consumer files a complaint with Council.

The duty of care principles are already embodied across the country in existing legislation, various rules and codes of conduct.

It is also important to note that the LIRD is not designed to be the only disclosure provided to a client. The sales process may also include the "point of sale" document developed by Canadian Council of Insurance Regulators, as well as other documents such as an in force policy illustration, a proposed policy illustration and/or an insurance needs analysis.

Council does not specify that any particular comparison documents are required but the LIRD does require that when comparison documents are used in the replacement of a life insurance policy, copies of those documents are to be given to the consumer.

The LIRD is intended to advise the consumer of the importance of obtaining information respecting their existing insurance before they decide to replace it.

The Council does not specify that the LIRD must be provided to anyone other than the consumer. The Council, however, expects that an insurance company issuing a life insurance policy that is known to be replacing an existing life insurance policy will want to be provided with a completed copy of the LIRD.