

LIFE LICENSING QUALIFICATION PROGRAM (LLQP)

Effective January 1, 2012, continuing education credit hours will no longer be granted to individuals who successfully complete the LLQP course and examination in order to qualify or re-qualify for a Life including Accident & Sickness Licence; or an Accident & Sickness Only Licence.

New licensees are required to earn a minimum of thirty credit hours of continuing education every two years. The credit hours must be earned within a two year reporting period, which commences upon licensing.

Excess credit hours earned in a two year reporting period are not eligible for carry over into the next reporting period.

Existing licensees

Individuals who were licensed prior to December 31, 2011 will be eligible to utilize the continuing education credit hours for the successful completion of the LLQP course and examination for their first reporting period.

Available courses

Council maintains a list of Accredited Course Providers on the website at www.skCouncil.sk.ca. You may access this information from the main page of the website by selecting "Life Council", "Continuing Education" and "Accredited Course Provider List".

Ron Fullan, Executive Director
Penny Barlow, Licensing Officer
Cari Bast, Licensing Officer
Annette Graff, Manager of Licensing
Diane Lindsay, Licensing Officer/Education
Co-ordinator
April Stadnek, Director of Compliance
Cindy Swales, Licensing Officer/Exam
Coordinator
John Waugh, Compliance Officer

COUNCIL STAFF

DIRECTOR OF COMPLIANCE

The Insurance Councils of Saskatchewan is pleased to announce that April Stadnek has accepted the position of Director of Compliance effective October 1, 2011.

April joined Council as a Compliance Officer in December 2008. Prior to arriving at Council, April worked as an Investigator with the Financial Services Commission's Securities Division. April began her career with the Commission in June 1999 moving up the ranks from Enforcement Assistant, to investigator and Acting Deputy Director of Enforcement.

In 2007, April took a one year leave of absence from her investigator position to round out her resume working with Partners in Planning as a Compliance Officer/Branch Manager at their Head Office. This year in the field provided April with valuable insight into the day to day operations of financial advisors.

JOHN WAUGH RETIREMENT

John Waugh was hired by the Insurance Councils of Saskatchewan "Councils" in April of 1990, with the task of forming the new Compliance Department.

For the next twenty-one-plus years, John was the face of compliance to insurance licensees around the province. Compliance is a role that is obviously about the consumer first – protecting their interests in a complicated financial world.

While filling that role, John was able to balance that with a true understanding of the role of the licensee, and the challenges they face. Today, Council enjoys a reputation as a consumer first organization that is fair in its treatment of licensees – a reputation that speaks volumes about the work that John has done in his time with Council.

Effective September 30, 2011, John has retired from his position as Director of Compliance for the Insurance Councils of Saskatchewan. I am happy to announce that John will continue his association with Council on a consulting basis effective October 1, 2011.

ANNUAL REPORTING FORMS

The annual reporting forms are being sent by email to the email address the licensee has provided on their previous annual reporting form. All others, are mailed to the licensee.

When the licence is renewed, the licensee will receive a receipt for payment which is confirmation of renewal. Licensees and insurers are encouraged to utilize the licensee search to confirm the status of a licence. The website is updated daily to ensure current information is maintained.

COUNCIL FAX NUMBER

Please note the fax number for Council is 306.347.0525.

DISCIPLINARY DECISIONS

The disciplinary decisions can be found on the main page of the website.

Any licensee who uses disciplinary decisions to discredit another licensee or any other person may be guilty of misconduct.

Trading in Life Insurance Policies

Have you heard of a Viatical Settlement or Life Settlement?

A **viatical settlement** is generally defined as the sale of a life insurance policy to a third party by a policy owner who is either terminally or chronically ill. The third party buys the policy at a price discounted from the face amount of the policy but usually in excess of the premiums paid or current cash surrender value and provides the insured an immediate cash settlement.

A **life settlement** is a similar transaction but involves an insured who may still be in good health or their health may be starting to decline.

Viatical or Life Settlement transactions are considered to be the trading in Life Insurance Policies.

The life settlement/viatical industry is not prominent in Canada as the majority of Canadian provinces have prohibited the trafficking in life insurance policies.

The Saskatchewan Insurance Act does not prohibit the third party purchase of life insurance policies.

Saskatchewan without this prohibition is attractive to companies that are interested in purchasing life insurance policies from Saskatchewan residents.

Through referrals from life insurance agents, life settlement companies learn of policyholders that they can offer to buy a policy from.

Why would a policyholder want to sell their policy?

1. There is no longer an insurance need;
2. The policy has lapsed within the last two years;
3. The policyholder has indicated they plan to surrender their in-force policy;
4. The insured wishes to pay off debt but does not wish the policy to be paid out to their estate. (Policy in the estate is probate and tax exempt, selling the policy may incur tax liability as the monies received from the sale of the policy may be deemed to be income);
5. The insured wishes to pay for long-term health care;
6. They have been diagnosed with a terminal illness; or
7. There is a need for quick access to the policy's inherent value.

Life insurance agents in Saskatchewan that have referred clients to a life settlement company are generally paid a referral fee from the life settlement company and, as the policy has not been surrendered, the agent may still receive the residual commissions associated with the policy.

Agents are reminded of a few points when considering the referral of a client to a life settlement company:

1. Canadian life insurers may pay an **Accelerated Death Benefit** of part of or all of the full face value of the policy. If you have a client that falls into this category a call to the insurer must be the first option recommended to the client.

2. A policyholder who is having difficulty maintaining premium payments may be able to access a policy loan from the insurer as an alternative to surrendering the policy. This alternative allows some of the policy to be preserved for the beneficiaries and must be considered before making the referral.
3. A policyholder must be made aware of the tax implications that the selling of their life insurance policy may incur.
4. The policyholder needs to be told and fully understand that the assignment of their insurance policy to a life settlement company is irrevocable.
5. It is essential that all the reasons for the insurance be evaluated and addressed with the policyholder.
6. If the agent is compensated for the referral of a client to a life settlement company the agent is to advise the client that the life settlement company will compensate the agent for that referral.
7. An agent referring a policyholder to a life settlement company has a responsibility to understand the risks or potential risks to the policyholder and to ensure the company for whom they are acting is reputable. Performing due diligence on the life settlement company is an important step that licensees need to perform.
 - Due diligence may include but is not limited to:
 - i. Asking for biographical information on the principals of the company;
 - ii. Searching the internet for any information available on these principals;
 - iii. Ask how they finance the acquisition of life policies;
 - iv. Get the names of all organizations that provide financing for these acquisitions;
 - v. Are the life settlements packaged and sold as investments;
 - vi. Is the company packaging and selling these policies licensed with the securities regulators;
 - vii. Request corporate information on the company. Are they corporately registered in Saskatchewan?
 - viii. What other provinces have they done business in?
 - ix. Ask for the name of the law firm handling the transfer of funds/escrow process; and
 - x. Contact compliance staff at the Council office for any information they may have.
8. An agent must, on their annual licence reporting form, disclose to Council that they are engaged in the business of the referral of clients to life settlement companies.

If a complaint is received by Council, an agent could face misconduct proceedings, unless all prudent efforts have been taken to ensure that the referral of the client to a life settlement company was appropriate and the referral was in the best interests of the client.