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***Important Announcement:***

**New CLHIA/Industry Requirement - ‘Reason Why Letter’**

Effective July 1, 2018, The Canadian Life and Health Insurance Association (CLHIA), industry regulators and insurance carriers will require advisors to ensure clients receive a ‘reason why letter’ which should provide a brief summary to help clients understand the product recommendation, the transaction being completed and the reasons why a product was purchased. This will give you plenty of time to implement into your practice.

Providing this letter to clients will assist you in providing better service to clients which can lead to increased sales. If an insurance carrier or regulator receives a complaint from a client, they will ask to see any documentation gathered through the fact finding process and will expect to see proof of this letter. This documentation can be very helpful in defending you against a claim that the product you recommended was not suitable for the client’s needs.

A **Reason why letter** should include:

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| **Product recommendationand details** | * The recommended product including: insurance company name, product brand name, type of insurance, and coverage or investment amount
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| **Client facts** | * A summary of client facts/circumstances
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| **Client needs** | * Based on the client circumstances, a description of the client needs that the recommended/purchased product addresses
* An explanation of any discrepancy if the recommended/purchased product doesn’t fully meet the client needs
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| **Fees (for seg funds only)** | * An outline of the fee structure chosen by the client
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| **Summary** | * An outline of agreed upon actions to address any identified needs not covered in the action taken so far (if applicable)
* An invitation for the client to ask questions to clarify information that is not clear
* A recommendation that the client keep the communication on file
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You are not required to send a letter if:

* You already provide a communication to your client through a different process that contains the required information
* The Life Insurance Replacement Declaration (LIRD) outlines the required information

For more information, view the CLHIA document, The Approach: Serving the Client Through Needs-Based Sales Practices, in PPG secure advisor Virtigate or Carrier’s website or at the [CLHIA website](http://ppisolutions.us4.list-manage.com/track/click?u=fa7b5730e34e69d7c1d6b3221&id=6affe0bb4f&e=96efc726a5).

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