

[BonkNote]

February 9, 2024

- FSRA - Financial Services Regulatory Authority of Ontario
- **Re: 2023-015 – Consultation for Proposed Guidance on Life Insurance Agent & MGA Licensing Suitability**

Thank you for allowing me to submit a comment. The issue of training has been identified as an issue in the Fair Treatment of Customers.

- **Training: Incompetence vs Competence**
 - Where do Agents find Information?
 - **Outside of Social Media** - Licensing Course Materials, Company Trainings, MGA Trainings
 - **Social Media** - Company Sales Trainers, MGAs, Life Insurance Influencers
 - What reference materials are used by Trainers?
 - Are Agents receiving Accurate Information?
- **How a person is trained influences how they understand and explain a concept or policy.**
 - As an example, an Actuary from the 1970s and 1980s would likely understand and explain a Universal Life Insurance Policy differently than the general explanations of today.
 - Other examples can be found on Social Media Platforms.
 - The understandings and explanations tend to be different depending on what group a person tends to be associated with.
 - Pro-Whole Life and Anti-Universal Life (IUL)
 - Pro-Universal Life (IUL) and Anti-Whole Life
 - Pro-Term and Anti-Whole Life and Anti-Universal Life (IUL), Collectively Cash Value
 - Also, there are people who seem to be agnostic about the type, but are concerned about how the policies are explained to customers?
 - Who is Right or Wrong? Or Mostly Right or Mostly Wrong?
 - How can the understandings and explanations that are found to be wrong be changed without doing damage?
 - The use of the word "damage" is meant to be broad and open to interpretation.
- **Words and Concepts:**
 - **Why is Universal Life Insurance classified as Permanent?**
 - What else has Universal Life Insurance been called?
 - 1970s and 1980s - Any Plan of Insurance, Completely Flexible Life Insurance Plan, Generic Plan, Special Life Insurance Plans, Term, Buy Term and Invest the Difference (BTID) - a Ratebook all by itself.

- **How does the policy Work? Flow of Money - Math**
 - There seems to be generally two ways that Agents describe the Cash Flow of a Universal Life Policy. Is one or the other correct, or does it depend on the Contract?
 - 1. Pay the Out Premium -> then the mortality costs, Cost of Insurance are paid -> then the rest of the money goes into the Cash Value / Investment Accounts
 - 2. Pay the Premium -> then the money goes into the Cash Value / Investment Accounts -> then the mortality costs, Cost of Insurance are paid.
 - Depends on the Contract. Or something else?
 - **Illustrations**
 - **Premiums:** Overfunded, Minimum Premium, Maximum Premium, Target Premium, Planned Premium, Out of Pocket
 - Are these terms adequately defined so that Agents, Consumers and Judges can understand them?
 - **Assumptions** - pricing factors (mortality costs, Cost of Insurance), investment returns and expenses, Other
 - **Cash Value / Investment Accounts** - What is the purpose of the Cash Value / Investment Accounts?
 - **Plan of Insurance / Coverage Period** - What is the difference between the Guaranteed and Current Coverage Period, based on the Premium paid and the Death Benefit Amount?
 - **LIRP** - Life Insurance Retirement Plan
- **Roles of Participants**
 - Consumer – What is the Role of the Consumer from a legal perspective?
 - Signature, Duty to Read, Reliance
 - Principal-Agent relationship - I'm interested to know if and how this is implemented.

In closing, I'd like to point out that Life Insurance Influencers in Canada and the United States are talking about these same topics and there is a lot of, well, "Energy" may be an appropriate word for it... or maybe not. A common phrase used is "People just don't know what they don't know."

Sincerely,

Jules

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