

Insurer - MGA Relationship Review

INSTRUCTIONS

- This document contains three main columns: Questions, Responses, and Document Request Listing. Please read the “Questions” column carefully and provide your answers in the “Responses” column.
- Supporting documents should be provided with a file name starting with the Question # in order to cross-reference between the documentation provided and the program.
- Read the text box at the top of each tab for general information and/or definitions before answering questions.
- All fields under “Responses” must be filled. Please indicate “N/A” if not applicable to your organization and provide explanation.
- Do not add rows or columns to the program.
- Timeline for this review is calendar year 2019

AREAS OF SCOPE

The overall scope of the review is to reach a deeper and more current understanding of how life insurers are distributing their products in the marketplace, specifically through the MGA distribution model. This program contains the following 4 modules / sections that focus on key aspects of an MGA's life cycle with an insurer:

1. Understanding of Distribution Channels

This section explores the different types of distribution models employed by an insurer including the proportion of business between distribution channels, the number of contracted agents, and the overall product delivery strategy. This will provide an overview and current understanding of an insurer's life insurance business composition.

2. Screening and Onboarding

The next section focuses on an insurer's practices when screening and onboarding an MGA, including overall strategy for selecting MGAs, due diligence considerations, policies and procedures, and agent related authorizations. This will provide an overview and current understanding of what an insurer takes into account before entering into an agreement with an MGA.

3. Insurer - MGA Contractual Agreements

The third area centres on an insurer's written agreements in place with an MGA, including the contractual conditions and scope, performance measures and obligations, outsourced functions and responsibilities, as well as agent oversight functions. This will provide a current and overall understanding of the various types of contractual agreements that exist between an insurer and an MGA and what they encompass.

4. Supervision and Monitoring of outsourced functions for i) MGA ii) Agents

The last section focuses on an insurer's supervision and monitoring of its outsourced functions to MGAs, particularly delegated agent oversight functions and responsibilities. This will provide a current understanding of how an insurer evaluates an MGA in regards to its contractual agreements, performance monitoring and obligations, communication expectations, training of MGAs and agents, and their role in complaint handling.

SCOPE EXCLUSIONS

The CCIR FTC Working Group is revisiting the past stakeholder presentations on incentives and compiling a list of follow-up questions. Therefore incentives management is not a specific focus area of this review.

Further, it is recognized that there are inherent risks associated with all types of distribution channels, whether direct/exclusive agents, independent agents through MGAs, and/or National Accounts (NAs), or digitally distributed. For the purpose of this review, however, we will focus on the MGA distribution channel that has experienced significant growth recently and appears to be the most prevalent model in Canada. Therefore, Group Insurance, as well as insurance company employees, Direct/Exclusive Agent, National Account Distribution channels have been excluded from this review. Consolidated recommendations/expectations arising from this review can still be applied to insurers' oversight of aforementioned distribution channels (as applicable).

REFERENCES

- Insurance Act, R.S.O. 1990, c. I.8
- Advocis : CCIR Issues Paper: Managing General Agencies Life Insurance Distribution Model (February 2011)
- CCIR: Issues Paper Managing General Agencies Life Insurance Distribution Model (Agencies Regulation Committee February 2011)
- CCIR: Position Paper Strengthening the Life MGA Distribution Channel (ADOPTED September 2012)
- CCIR/CISRO Guidance Conduct of Insurance business and FTC
- CLHIA Guideline G18
- CLHIA - Managing General Agencies and the Distribution of Life Insurance

1. MGA Distribution Model

Definition of **MGA**:

For the purpose of this review, “MGA” refers to:

- a distribution entity
 - to which the insurer has delegated or given control with respect to certain tasks, or
 - which has some control over tasks that affect the insurer’s ability to comply with its duties under the insurance law or the CCIR Guidance on Fair Treatment of Customers with respect to distribution of insurance, and
- There is no agreement between the insurer and the entity that prohibits the entity from acting for other insurers.

1. Distribution Channels

#	Questions	Responses	Document Request Listing
1.1	Select all type(s) of distribution channel(s) employed by the insurer. - Direct/Exclusive Channels - Independent Channels using MGAs - National Account Channels - Other (Please specify)		Description including definitions of each distribution channel employed by the insurer.
1.2	What is the proportion (%) of distribution channels per Direct Written Premiums?		Listing and/or charts of proportion (%) of distribution channels per Direct Written Premium
a)	Direct sales (by an employee of an insurer in person, by phone, internet, e-app, direct mail, etc.)		
b)	Captive agents (a contracted agent authorized to sell the products of one insurer)		
c)	Independent agents (NOT through an intermediary)		
d)	Independent agents (through an intermediary)		
e)	National Accounts		
f)	Other (Please specify)		
1.3	What is the number of contracted agents who are licensed per distribution channels?		Listing and/or charts of number of contracted agents who are licensed per distribution channel.
a)	Captive agents (a contracted agent authorized to sell the products of one insurer)		

b)	Independent agents (NOT through an intermediary)		
c)	Independent agents (through an intermediary)		
1.4	<p>Have there been any changes (e.g. heavy shift from one channel to another) to the insurer's distribution channel(s)? Please explain below.</p> <p>In addition, if "yes", please provide the reason(s) for the change.</p>		
a)	Recent changes (past 5 years)		
b)	Notable long term changes		
1.5	<p>Does the insurer foresee any changes to the distribution channel(s) in the future? Please explain.</p>		
1.6	<p>Please provide an overview of the insurer's overall strategy and objectives on selection of its overall distribution channel(s).</p> <p>For example, does the insurer take the following information into account on the selection process of its distribution channels: compensation, resources, how suitable MGAs will be identified, territorial considerations, limits on volume of business, types of products, geographical limitations, what the expected benefits, functions to be delegated, and specific performance measures, etc.</p>		Any supporting documentation in relation to overall Distribution strategy and objectives.
1.7	How many MGAs is the insurer directly contracted with (i.e. the insurer authorizes to sell its insurance)?		Listing of all MGAs
1.8	<p>Does the insurer own and/or have affiliated ownership (e.g. a parent Co. owns MGAs) with any MGAs? Please explain.</p>		

1.9	How many of these MGAs are owned by and/or affiliated with the insurer, if applicable?		Any written service agreements and/or conflict of interest disclosures, if applicable.
1.10	Please describe the relationship for each MGA owned by and/or affiliated with the insurer.		
1.11	What is the proportion of business placed through each MGA owned by and/or affiliated with the insurer per Direct Written Premiums? Please explain.		Any supporting documentation, if applicable.
1.12	Does the insurer sell any of its products online? Please explain. Note: product is considered to be "sold online" if the entire sale process is completed through the Internet. Obtaining an online quote is not considered an online sale. If a sale is completed by a licensed agent after the customer obtains information/price from a website, it is not considered an online sale either.		Any written documentation including policies and procedures in relation to online distribution of insurance products, if applicable.
1.13	What is the proportion of online sales per Direct Written Premiums, if applicable? Please explain.		Any supporting documentation, if applicable.
1.14	Have there been any recent significant changes to online distribution? (e.g. application process, underwriting, policy delivery). Please explain.		

2. Screening and Selection of MGAs

Prior to deciding whether to enter into an agency agreement with an MGA, an insurer should consider the capability of the MGA to carry out any functions delegated to it. Further, insurers should also typically look for evidence of the soundness of the MGA (e.g., financial statements, debts owing to other insurers and business plans), the background of principals involved in the organization and business references.

All insurers should apply effective standards to pre-screen any MGA to ensure that the MGA has the capability to provide the expected services and will have appropriate controls and processes in place over the functions it is to perform for the insurer. The insurer should be satisfied that the MGA will provide the delegated services appropriately and in compliance with regulatory requirements. As part of its screening the insurer should pay careful attention to the business reputation of the MGA and its senior management. If the MGA intends to subcontract any of the delegated functions, the insurer should extend its due diligence to the subcontractor.

2. MGA Selection and Screening

#	Questions	Responses	Document Request Listing
2.1	Does the insurer have a written strategy for selecting and appointing MGAs as part of its overall distribution plan? Please explain.		Copy of written policies and procedures regarding strategy for selecting and appointing MGA(s) as part of its distribution, if applicable.
2.2	Does the insurer have written screening and onboarding processes (i.e. policies and procedures) for contracting with MGAs? Please explain.		Copy of written policies and procedures regarding screening and selection process of MGAs (for contracting with MGAs), if applicable.
2.3	Do these screening and onboarding processes include screening of the MGAs' senior management? Please explain. In addition, if "yes", what are the specific due diligence/evaluation/assessment taken regarding the MGAs' senior management?		An example of MGA senior management screening, if applicable.

2.4	<p>Are these policies and procedures approved and reviewed on an on-going basis? Please explain.</p> <p>In addition, if “yes”, please provide details including: - Who/which department approves it - Who/which department reviews it - How often is it reviewed?</p>		<p>An example of policy and procedure reviews and written approvals, if applicable.</p>
2.5	<p>Does the insurer outsource any functions and/or responsibilities to MGAs? Please explain.</p> <p>In addition, if “yes”, what are the outsourced functions and/or responsibilities to MGAs? (See Tab 4, question 4D.1 for examples.)</p>		<p>List of all outsourced functions and/or responsibilities.</p>
2.6	<p>Are the functions and /or responsibilities outsourced to MGAs uniform across all MGAs? Please explain.</p>		
2.7	<p>Please provide further details on how the insurer determines which functions to outsource to each MGA (e.g. criteria being considered).</p>		<p>Any policies and procedure documentations in relation to functions outsourced to MGAs, if applicable.</p>
2.8	<p>What is the <u>total number</u> of MGAs that <u>the insurer outsources</u> its functions and/or responsibilities to?</p>		
2.9	<p>Are the MGAs permitted to further delegate (i.e. subcontract) any of these functions to another entity? Please explain.</p> <p>In addition, if “yes”, does the insurer directly contract with each entity (i.e. subcontractor) or does it rely on the MGAs to ensure they are complying with the insurer’s expectations?</p>		<p>Any written agreements with subcontractors who are delegated further functions, if applicable.</p>
2.10	<p>Does the insurer conduct due diligence of the MGAs in regards to the following factors? Please explain.</p>		<p>Examples and written documentation of insurer due diligence in relation to MGA selection for each factor.</p>

a)	Experience and technical competence of the MGA (and its employees) to implement and support the contracted services		
b)	Financial strength and capacity of the MGA to perform the contracted services		
c)	Business reputation, complaints history, regulatory compliance issues or any past or outstanding litigation		
d)	Internal controls, reporting and monitoring environment		
e)	Business continuity and contingency plans the MGA has in place in the event of any disruptions or problems (e.g. systems breakdown, natural disaster), an inability of a significant subcontractor to provide services relevant to the outsourced activity, or any situations where extraordinary demands are placed on the MGA.		
f)	Reliance on and success in dealing with agents and salespersons		
g)	Insurance coverage (e.g. liability, business interruption, other insurance coverage)		
h)	Business objectives, human resource policies, service philosophies, business culture, and how they fit with those of the insurer		
i)	Ability to comply with all relevant regulatory, fiscal and taxation requirements		
j)	Confirm the MGA has adequate E&O insurance		
k)	Other		
2.11	Who is responsible for conducting the onboarding due diligence of the MGAs?		
2.12	Does the insurer document the completed due diligence procedures? Please explain.		An example of completed due diligence procedures, if applicable.
Subcontracting (further delegation of insurer functions)			
2.13	If the insurer allows MGAs to further delegate any of the insurer functions to subcontractors, please answer questions 2.14, 2.15 and 2.16 below <u>with respect to subcontractors</u> . Please refer to Question 2.9 (See Tab 4, question 4D.1 for examples of functions that may be further delegated.)		

2.14	Does the insurer conduct due diligence of the subcontractors in regards to the following factors? Please explain.		Examples and written documentation of insurer due diligence in relation to subcontractor selection for each factor.
a)	Experience and technical competence of the subcontractor (and its employees) to implement and support the contracted services		
b)	Financial strength and capacity of the subcontractor to perform the contracted services		
c)	Business reputation, complaints history, regulatory compliance issues or any past or outstanding litigation		
d)	Internal controls, reporting and monitoring environment		
e)	Business continuity and contingency plans the subcontractor has in place in the event of any disruptions or problems (e.g. systems breakdown, natural disaster), an inability to provide services relevant to the outsourced activity, or any situations where extraordinary demands are placed on the subcontractor.		
f)	Reliance on and success in dealing with agents and salespersons (e.g. track record, history of dealings, etc.)		
g)	Insurance coverage (e.g. liability, business interruption, other insurance coverage)		
h)	Business objectives, human resource policies, service philosophies, business culture, and how they fit with those of the insurer		
i)	Ability to comply with all relevant regulatory, fiscal and taxation requirements		
j)	Confirm the subcontractor has adequate E&O insurance		
k)	Other		
2.15	Who is responsible for conducting the onboarding due diligence of the subcontractor?		
2.16	Does the insurer document the completed due diligence procedures? Please explain.		An example of documented due diligence procedures, if applicable.

3. Insurer-MGA Agreements and Contracts

An insurer must have written agreements in place with each MGA which clearly define the conditions, scope and limits of contracted services. This agreement should be reviewed and, if necessary, updated annually.

Definition of Agreements:

For the purpose of this review, “agreements” refers to written contracts including all legally binding supplementary documents (e.g. schedules).

3. Insurer - MGA Contractual Agreement			
#	Questions	Responses	Document Request Listing
A. Contractual Agreement with MGA			
3A.1	Are there agreements in place with <u>each</u> MGA? (which define the conditions, scope, and limits of contracted services) Please explain.		
3A.2	Are written agreements uniform (i.e. standard-form of agreements) across all MGAs? Please explain. In addition, if “no”, how many different agreements (i.e. non-standard form of agreements) does the insurer have with its MGAs ?		- An example of a standard agreement with an MGA - Examples of each type of agreements, if agreements differ between MGAs
a)	Why do agreements differ between MGAs, if applicable?		
b)	What are the main differences between these agreements, if applicable?		
3A.3	Does the insurer have written policies and procedures in regards to handling of its agreements with MGAs? Please explain.		Copy of all written policies and procedures in relation to agreements, if applicable.
3A.4	How are the agreements drafted/formed when contracting with MGAs? Please explain.		
3A.5	What is the periodic review process of the agreements, if applicable?		An example of reviewed/amended agreement, if applicable.
3A.6	What is the renewal process of the agreements, if applicable?		An example of renewed agreement, if applicable.

3A.7	Are there any supplementary documents (i.e. Other Service Agreements, Reference Documents, and/or Schedules) <u>in addition</u> to the agreements? (e.g. Compensation, Policies and Procedures, Code of Conduct/Ethics, Other Duties, Insurer’s expectations) Please explain.		Copy of all supplementary documents other than the agreements (e.g. Service agreements, reference documents, advertising, compensation etc.)
3A.8	How does the insurer evaluate these supplementary documents are followed, if applicable?		Please indicate/highlight which section of the agreements
B. MGA Obligations, Performance Measures, Requirements per the Agreement			
3B.1	Do the agreements include the following MGA regulatory obligations, performance measures, and operational requirements? Please explain.		Please indicate/highlight which section of the agreements for each following.
	Regulatory Obligations		
a)	Maintenance of E&O insurance coverage required to be held by the MGAs		
b)	Maintenance of licences to carry out insurance business		
c)	Adherence to all legislation and regulations (including insurance laws and laws relating to money laundering, privacy and safeguarding of information, telecommunications and anti-spam)		
d)	Disclosure of conflicts of interest		
	Performance Measures		
e)	Specific performance measurements (e.g. KPIs)		List of all specific performance measures
f)	Minimum production requirements of the MGAs		
g)	Compensation and Bonus Requirements/Guidelines		
h)	Other performance expectations of the MGAs		
i)	MGA Performance reporting to the insurer, including frequency		
j)	Protocols if MGAs are not performing according to the performance measures within the agreement		
	Operational Requirements		
k)	Training/Education of MGA key personnel		
l)	Attestation to a Code of Conduct/Ethics		
m)	Evaluation (i.e. review or audit) of MGAs		
o)	Specific reporting (e.g. quarterly report) to the insurer by the MGAs		

p)	Formal communication (e.g. scheduled meetings) between the insurer and MGAs		
q)	Establishment of complaint handling procedures		
r)	Actions required (e.g. Disciplinary or remedial measure) if an MGA is not performing according to the agreement, including follow-ups, if applicable.		
s)	Advertising and Promotional Expectations/Guidelines for MGAs		
t)	Notification to the insurer of any disciplinary actions taken against the MGAs		
u)	Compensation of other licensees involved in sales (e.g.. individual agent)		
v)	MGA's obligation to design compensation structures to avoid or appropriately manage conflicts of interest, where the MGA has the discretion to set compensation to other licensees		
w)	Any other requirements (Please specify)		
C. Agent Related Outsourced Functions and Responsibilities			
3C.1	Do the agreements outline all outsourced functions and responsibilities of the MGA? Please explain. (Please refer to Question 2.5)		Please indicate/highlight which section of the agreements, if applicable.
3C.2	Does the insurer outsource the following <u>agent related</u> functions to <u>MGAs</u> in the agreements? Please explain. In addition, if "yes", indicate the <u>total number of MGAs</u> that the insurer outsources each of the following functions to. (Please insert "0", if not outsourced.)		Please indicate/highlight which section of the agreements for the following, if applicable.
a)	Agent screening by the MGAs		
b)	Agent recruiting and contracting to offer the insurer's product by the MGAs		
c)	Agent training by the MGAs		
d)	Approval and distribution of marketing materials to agents by the MGAs		
e)	Oversight and monitoring of agent regulatory obligations by the MGAs		
f)	Agent disciplinary actions by the MGAs		
g)	Reporting of agent misconduct to the insurer by the MGAs		
h)	Termination of agent's right to sell the insurer's products by the MGAs		

i)	Compensation of other licensees involved in sales (e.g. individual agent)		
j)	Discretion to design compensation for other licensees		
k)	Any other specific functions by the MGAs not listed above		
D. Agent Compensation			
3D.1	Is agent compensation outlined within the agreements? Please explain.		Please indicate/highlight which section of the agreements for the following.
a)	Payment from insurer to agent directly, if applicable.		
b)	Payment from insurer to agent through the MGA, if applicable.		
c)	Payment from MGA to agent without the input of the Insurer, if applicable.		

4. Supervision and Monitoring of Outsourced Functions

An insurer must ensure that any person or entity distributing its product has been screened for suitability and is subject to ongoing monitoring for suitability. Monitoring may take the form of reports, regular, formal meetings with the MGA staff and/or periodic reviews of the arrangement's performance measures.

Reviews of MGA arrangements should be periodically undertaken by the insurer's internal audit department or another independent review function, either internal or external to the insurer, provided it has the appropriate knowledge and skills.

Insurers should promptly act to correct any MGA problems or potential issues identified (for example those that may have been revealed by any audit or on-site visits, complaints or potential litigation or regulatory issues).

Definition of Review/Audit:

For the purpose of this review, "review/audit" refers to those conducted by the insurer and includes, but are not limited to, examinations, compliance reviews, internal audits and other assessments of market conduct.

4. Supervision and Monitoring

#	Questions	Responses	Document Request Listing
A. Overview			
4A.1	Please provide an overview of how the insurer proactively monitors and oversees the <u>MGAs</u> and their compliance with the agreements.		Any supporting documentation, if applicable.
4A.2	Please provide an overview of how the insurer oversees, through the MGAs, the compliance of its agents with applicable law, regulations, regulatory guidance, and the agreements. Note: O. Reg. 347/04 (s.12) of the Insurance Act requires insurers to establish and maintain a system that is reasonably designed to ensure that each agent representing an insurer complies with the Act, regulations, and the agent's licence.		Any supporting documentation, if applicable.
4A.3	Are there written policies and procedures regarding supervision and monitoring of the functions outsourced to the MGAs? Please explain.		Copy of Written Policies and Procedures in relation to supervision and monitoring of outsourced functions.

4A.4	Are there written policies and procedures concerning supervision and monitoring of the outsourced functions, where the MGA further delegates them to another entity (i.e. subcontractor)? Please explain.		Copy of Written Policies and Procedures in relation to supervision and monitoring of outsourced functions.
4A.5	Are there formal periodic reviews for these above mentioned policies and procedures? Please explain.		
B. Formal Meetings/Communications with MGAs			
4B.1	Are there regularly scheduled formal meetings/communications with each MGA? Please explain.		Meeting minutes and any related documents within the last 1 year, if applicable.
4B.2	If "Yes";		
a)	How often do these meetings take place and who are the attendees?		
b)	What are the topics discussed during these meetings?		
c)	How does the insurer address any potential issues identified during these meetings?		An example, if applicable.
d)	Are the results of these meetings/communications reported back to the Senior management/Exec./Board? Please provide details including frequency.		An example of report provided to the Senior management/Exec./Board.
C. MGA Supervision and Performance Monitoring (Review/Audit)			
4C.1	Does the insurer evaluate (i.e. review or audit) its MGAs for compliance with the agreements? Please explain.		
4C.2	Does the insurer perform risk assessments to decide which MGAs to evaluate (e.g. using selection criteria, only reviewing high-risk MGAs, etc.)? Please provide further details and frequency, if applicable.		An example of risk assessment performed, if applicable.
4C.3	Does the insurer have an established cycle to evaluate all MGAs (regardless of the risk levels)? Please provide details and frequency, if applicable.		Any supporting documentation, if applicable.
4C.4	Does the insurer have any other approach/strategy for MGA evaluation? Please provide further details and frequency, if applicable.		Any supporting documentation, if applicable.
4C.5	Who conducts these MGA evaluation? Please explain.		

4C.6	Does the insurer use a standard program/template across all MGAs being evaluated? Please explain.		Copy of review program/template, if applicable.
4C.7	How does the insurer evaluate an <u>MGA's</u> adherence to the following regulatory obligations. Performance measures, and operational requirements per the agreement? Please explain. (Please refer to Question 3B.1)		An example of a completed review or audit including supporting documents provided by the MGA for each following requirements.
	Regulatory Obligations		
a)	Maintenance of E&O insurance coverage required to be held by the MGAs		
b)	Maintenance of licences to carry out insurance business		
c)	Adherence to all legislation and regulations (including insurance laws and laws relating to money laundering, privacy and safeguarding of information, telecommunications and anti-spam)		
d)	Disclosure of conflicts of interest		
	Performance Measures		
e)	Specific performance measurements (e.g. KPIs)		
f)	Minimum production requirements of the MGAs		
g)	Compensation and Bonus Requirements/Guidelines		
h)	Other performance expectations of the MGAs		
i)	MGA Performance reporting, including frequency, back to the insurer		
j)	Protocols if MGAs are not performing according to the measures within the agreement		
	Operational Requirements		
k)	Training/Education of MGA key personnel		
l)	Attestation to a Code of Conduct/Ethics		
m)	Evaluation (i.e. review or audit) of MGAs		
o)	Specific reporting (e.g. quarterly report) to the insurer by the MGAs		
p)	Formal communication (e.g. scheduled meetings) between the insurer and MGAs		
q)	Establishment of complaint handling procedures		

r)	Actions taken (e.g. Disciplinary or remedial measure) if an MGA is not performing according to the agreement, including follow-ups, if applicable.		
s)	Advertising and Promotional Expectations/Guidelines for MGAs		
t)	Notification to the insurer of any disciplinary actions taken against the MGAs		
u)	Compensation of other licensees involved in sales (e.g.. individual agent)		
v)	MGA's obligation to design compensation structures to avoid or appropriately manage conflicts of interest, where the MGA has the discretion to set compensation to other licensees		
w)	Any other requirements (Please specify)		
4C.8	How does the insurer evaluate appropriateness of payments from insurer to agents through the MGAs? Please explain. (Please refer to Question 3B.1(u) & (v) and 3D.1)		
D. Subcontracting (further delegation of insurer functions)			
4D.1	If an MGA subcontracts some or all of the delegated functions, please answer questions 4D.2 through 4D.9 below with respect to subcontractors.		
4D.2	Does the insurer evaluate (i.e. review or audit) its subcontractors for compliance with the agreements? Please explain.		
4D.3	Does the insurer perform risk assessments to decide which subcontractors to evaluate (e.g. using selection criteria, only reviewing high-risk subcontractors, etc.)? Please provide further details and frequency, if applicable.		An example of risk assessment performed, if applicable.
4D.4	Does the insurer have an established cycle to evaluate all subcontractors (regardless of the risk levels)? Please provide details and frequency, if applicable.		Any supporting documentation, if applicable.
4D.5	Does the insurer have any other approach/strategy for subcontractor evaluation? Please provide further details and frequency, if applicable.		Any supporting documentation, if applicable.
4D.6	Who conducts these subcontractor evaluation? Please explain.		

4D.7	Does the insurer use a standard program/template across all subcontractors being evaluated? Please explain.		Copy of review program/template, if applicable.
4D.8	How does the insurer evaluate a subcontractor's adherence to the following regulatory obligations, and the performance measures and operational requirements described in the agreement between the insurer and MGA Please explain. (Please refer to Question 3B.1)		An example of a completed review or audit including supporting documents provided by the subcontractor for each following requirements.
	Regulatory Obligations		
a)	Maintenance of E&O insurance coverage required to be held by the subcontractors		
b)	Maintenance of licences to carry out insurance business		
c)	Adherence to all legislation and regulations (including insurance laws and laws relating to money laundering, privacy and safeguarding of information, telecommunications and anti-spam)		
d)	Disclosure of conflicts of interest		
	Performance Measures		
e)	Specific performance measurements (e.g. KPIs)		
f)	Minimum production requirements of the subcontractors		
g)	Compensation and Bonus Requirements/Guidelines		
h)	Other performance expectations of the subcontractors		
i)	Subcontractor Performance reporting to the insurer, including frequency		
j)	Protocols if subcontractors are not performing according to the performance measures within the agreement		
	Operational Requirements		
k)	Training/Education of subcontractor key personnel		
l)	Attestation to a Code of Conduct/Ethics		
m)	Evaluation (i.e. review or audit) of subcontractors		
o)	Specific reporting (e.g. quarterly report) to the MGA by the subcontractors		
p)	Formal communication (e.g. scheduled meetings) between the MGA and subcontractors		
q)	Establishment of complaint handling procedures		
r)	Actions required (e.g. Disciplinary or remedial measure) if a subcontractor is not performing according to the agreement, including follow-ups, if applicable.		

s)	Advertising and Promotional Expectations/Guidelines for subcontractors		
t)	Notification to the insurer of any disciplinary actions taken against the subcontractors		
u)	Compensation of other licensees involved in sales (e.g.. individual agent)		
v)	The subcontractor's obligation to design compensation structures to avoid or appropriately manage conflicts of interest, where the MGA has given the subcontractor (e.g. an associate general agency) the discretion to set compensation to other licensees		
w)	Any other requirements (Please specify)		
4D.9	How does the insurer evaluate appropriateness of payments from insurer to agents through the subcontractors, if compensation can flow through subcontractors to other licensee? Please explain. (Please refer to Question 3B.1(u) & (v) and 3D.1)		
E. AGENT Supervision and Performance Monitoring through MGA			
4E.1	How does the insurer evaluate MGAs for each of the following <u>agent related</u> outsourced functions as per the agreement? Please <u>list specific responsibilities</u> being evaluated. (Please refer to Question 3C.2)		An example of a completed review or audit including supporting documents provided by the MGA for each following requirements.
a)	Agent screening by the MGAs		
b)	Agent recruiting and contracting to offer the insurer's product by the MGAs		
c)	Agent training by the MGAs		
d)	Approval and distribution of marketing materials to agents by the MGAs		
e)	Oversight and monitoring of agent regulatory obligations by the MGAs		
f)	Agent disciplinary actions by the MGAs		
g)	Reporting of agent misconduct to the insurer by the MGAs		
h)	Termination of agent's right to sell the insurer's products by the MGAs		
i)	Payment of other licensees involved in sales (e.g. individual agent) and/or design of compensation for other licensees		
j)	Any other specific functions by the MGAs not listed above		

Subcontracting (delegation of insurer functions)

4E.2	If an MGA subcontracts some or all of the delegated functions, please answer question 4E.3 below with respect to subcontractors.		
4E.3	How does the insurer evaluate subcontractors for each of the following <u>agent related</u> outsourced functions as per the agreement? Please <u>list specific responsibilities</u> being evaluated. (Please refer to Question 3C.2)		An example of a completed review or audit including supporting documents provided by the MGA for each following requirements.
a)	Agent screening by the subcontractors		
b)	Agent recruiting and contracting to offer the insurer's product by the subcontractors		
c)	Agent training by the subcontractors		
d)	Approval and distribution of marketing materials to agents by the subcontractors		
e)	Oversight and monitoring of agent regulatory obligations by the subcontractors		
f)	Agent disciplinary actions by the subcontractors		
g)	Reporting of agent misconduct to the insurer by the subcontractors		
h)	Termination of agent's right to sell the insurer's products by the subcontractors		
i)	Payment of other licensees involved in sales (e.g. individual agent) and/or design of compensation for other licensees		
j)	Any other specific functions by the subcontractors not listed above		

F. Complaints Handling

4F.1	Does the insurer track complaints by distribution channels? Please explain.		
4F.2	How many complaints did the insurer receive related to MGA distribution channel past 1 years, if applicable?		Please provide any supporting documents
4F.3	Are complaints analyzed to determine if there is an issue with a specific MGA? Please explain.		Please provide any supporting documents
4F.4	Are there high level complaint management reports which are provided to and monitored by senior management at the insurer? Please explain.		Please provide any supporting documents