



## **New Reason Why Letter Effective July 1st, 2018**

### **REMINDER**

The Reason Why Letter is now required for advisors to send to their clients after each sale. A Reason Why Letter is to provide clients with documentation to review the product purchased and confirm product suitability. This new industry requirement comes into effect July 1st, 2018 and will help clients understand what they purchased, why they made the purchase, and how the products intended objective is to meet their needs.

This brief, easy-to-understand letter or email helps protect you and your business, builds trust with your clients and is an important aspect of sales suitability documentation. Sample client letters have been uploaded to the Global website documents library for use.

***Click on the links below to view four sample Reason Why Letter by product type and helpful information from CLHIA on Needs Based Sales Approach:***

<http://globalpacific.com/bulletins/global-pacific-financial-services-ltd/2018-06-26/new-reason-why-letters-effective-july-1-2018>

### **F.A.Q**

#### **1. Which products require a Reason Why Letter?**

It applies to all Individual Insurance products Life, CI, DI, and Segregated Funds.

#### **2. When does the Reason Why Letter need to be provided to the client?**

For life insurance and CI/DI, no later than policy delivery. For Segregated Funds, the letter should be sent as soon as possible after the sale. Retain a copy of the letter or email in your client file for record keeping purposes.

#### **3. Will this requirement be part of compliance assessments?**

Yes.

#### **4. Is this applicable to all provinces?**

Yes.

### **IMPORTANT NOTE**

Advisors' Policies and procedure manuals need to be updated with all new procedures such as the Reason Why Letter. For Advisors who received Global Pacific's assistance with Policies and Procedures, amendments to your Compliance Regime Binder will be available shortly.