

Required mandate for group insurance of persons

Scope of the mandate

Advisors practising in group insurance may only provide services or offer products to clients if they draft a clear mandate that complies with the regulations. Advisors must also date, sign and deliver a copy to the policyholder or their designated resource person.

This obligation applies to all types of mandates, for example, mandates commonly known as:

- **Full management mandates**

These allow you to call different insurers for tenders, analyze bids received and recommend an insurer. You will then be entitled to assist the policyholder with the implementation of the plan, receive commissions and have access to the client's file with the insurer for service purposes.

These mandates allow you to review the existing plan, negotiate with an insurer at renewal, or on the client's request, modify the guarantees or benefits, and make appropriate recommendations.

- **Review and bid mandates**

These allow you to consult the insurer's client file for the purpose of analyzing the existing plan and obtaining bids from insurers, even if you are not the agent of record with the insurer.

- **Transfer mandates**

These allow you to get the client entire file, including the commissions payable by the insurer, as the new advisor.

You will then become responsible for the file. You will be able to obtain all the information needed from the insurer to examine the existing plan, negotiate with the insurer on receipt of renewal notices or, on the client's request, modify the guarantees or benefits, and make recommendations to the client.

Content of the mandate

Required content

The mandate set out in the regulations must address the following elements at a minimum:

Basic elements

- The identification of the policyholder or the person designated as the resource person.
- The nature and scope of the mandate, namely:
 - The needs analysis that you will carry out.
 - In the case of a call for tenders for one or more products, a comparison of the guarantees, including the costs and any differences noted.
 - In the case of a renewal, the description of the existing plan and the group experience analysis.

Important:

- The mandate cannot state that the customer is required to purchase a product or obtain financial services.
- You must date and sign the mandate and deliver it to the client (or the designated resource person).

Required compensation disclosure

If you request compensation other than the commission paid by the insurer (e.g., honorarium, fees for services rendered, etc.), you must disclose the following information before or during the service:

- The requested compensation.
- The fact that they will receive compensation for the products they sell to the client and for the services they render, including commissions, commission sharing or any other benefit.
- Anyone else sharing the commission, where applicable.

You must disclose to the client any changes to their mode of compensation in the first written communication following the effective date of the change.

Although this disclosure does not have to be included in the mandate and can be the object of a separate document, the mandate is a good way to combine both compliance requirements.

Other mandates

To avoid ambiguity in the interpretation and management of mandates, you should ensure that:

- The powers specified in the new mandate include those of any previous mandate.
- The new mandate clearly revokes "any other previous mandate".

If there is no clear indication of revocation in the new mandate, an existing mandate will be revoked only if:

- It is given for the same business and the same elements as the previous mandate, and
- The former advisor is informed of the revocation of their mandate.

This last condition is beyond your control, since you generally don't have access to the name of the former advisor or the content of the previous mandate. It's up to the client to revoke the mandate with their former advisor. You should therefore notify the client to ensure there aren't have two competing mandates.

Nature and scope of the mandate

The following details may be added with respect to the nature and scope of the mandate:

- Coverage included in the mandate: life, sickness, drugs.
- Effective date of the mandate and its term, if not indefinite.
- Provisions regarding the termination of the mandate and description of required notices.
- Bid process, including preparation of the specifications, bid analysis and recommendations report.
- Assistance implementing the plan.
- Taking over of the service, including renewal analysis and negotiations.
- Frequency of plan reviews and follow-ups with the policyholder to analyze the adequacy of guarantees or benefits, financial arrangements and possible change of insurer.
- After-sales service to effectively manage the plan.
- Any other service that will be provided under the mandate, such as plan implementation, communication to employees, training and assistance for the plan administrator.
- If your office acts as a third-party administrator (TPA) or third-party payer (TPP) for the insurer, the mandate should mention this even though a separate agreement exists.
- Any other items included in your service offer, where applicable.

Delivery

The obligation to deliver the mandate to the client or their designated resource person implies that you are able to demonstrate that the delivery was made. You should also agree with the client on the mode of transmission to be used and ensure that it allows the client to receive the document in a timely manner.

To simplify delivery, you can use email, fax, registered mail or any other means of transmission for which acknowledgment of receipt can be provided. Ideally, you should make sure to obtain proof, such as an acknowledgment of receipt, to show that the mandate was not only forwarded but also received.