

April 17, 2024

Equitable® MGA Company Rules

At Equitable (the “Company”), we are committed to the fair treatment of our clients in every aspect of the insurance process and we know that our distribution partners have that same commitment. Our distribution partners play a critical role as we work together to achieve the following outcomes:

- clients receive clear information before, during and after the point of sale;
- clients receive sound financial advice that is appropriate for their needs; and
- client complaints and disputes are addressed fairly.

This document sets out our expectations of Managing General Agencies (“MGAs”) under their Managing General Agency Agreement.

USE OF ASSOCIATE GENERAL AGENCY (“AGA”)

1. Where the Company enters into an AGA contract with an AGA at the request of the MGA, the MGA is responsible for oversight of the AGA and the AGA’s compliance with these Company Rules. This oversight responsibility applies regardless of whether the MGA has delegated responsibility for compliance with these Company Rules to the AGA, or the AGA relies on the MGA for its compliance with these Company Rules.

REFERENCE DOCUMENT ON MGA COMPLIANCE

2. The MGA must have compliance programs that adhere to the requirements set out in the CLHIA reference document “MGA Compliance: A Risk-based Approach for Compliance Programs in the MGA Channel” (the “Reference Document”). Copies of the Reference Document are available from the Company or on the CLHIA and CAILBA websites.
3. The MGA’s compliance program should address all of the elements of the Reference Document, including but not limited to the following:
 - Initial Screening of Advisors for Suitability. The MGA must use the CLHIA *Advisor Screening Questionnaire* (“ASQ”) and Reference Document to screen advisors. The MGA must also perform credit checks and verify licensing and E&O insurance. Once the MGA has completed its review of the advisor and determined that the advisor is suitable, the MGA can submit the advisor’s ASQ to the Company for review.
 - Monitoring. As noted in the Reference Document, the purpose of monitoring is to detect and prevent potential problems from becoming actual problems that harm the client. The MGA’s policies and procedures must describe the advisor monitoring practices that are appropriate for a basic level of scrutiny, indicators that can be used to escalate scrutiny and practices that are appropriate in situations calling for a higher level of scrutiny. An MGA’s choice of specific monitoring practices will depend on the MGA’s assessment of risk and must reflect the elements set forth in the Reference Document.
 - Reporting. Where the MGA becomes aware that there might be a market conduct concern with an advisor, including any breach by the advisor of applicable law, regulation or industry practice

(refer to CLHIA Guideline G8 – Advisor Suitability), or if the MGA believes the advisor is unsuitable, the MGA must inform the Company of this potential concern in a timely manner.

- Investigations. The MGA must provide reasonable cooperation with any investigation by the Company, including investigations with respect to potential unsuitability, misconduct, non-compliance or other market conduct concerns with an advisor. When the Company brings a market conduct concern to the attention of the MGA, the MGA must conduct an investigation of the issue and work collaboratively with the Company towards resolution.
- Managing Conflicts of Interest. The MGA must have policies and procedures in place with respect to compliance with industry and regulatory guidelines and principles for managing conflicts of interest that may arise in the sale of life and health insurance. The MGA's policies and procedures must contain the requirement for advisors to maintain a copy, in each client file, of each client's signed acknowledgement of receiving the conflicts of interest disclosure as well as a copy of the disclosure provided to the client.
- Privacy. The MGA must have written policies and procedures to safeguard the personal information of clients and advisors. These policies and procedures must also address what actions are to be taken should there be a privacy breach. The MGA must communicate to advisors the need to have privacy policies and procedures that comply with applicable privacy legislation. The MGA must immediately advise the Company of any privacy breach regarding the personal information of a policy owner of the Company.
- AML/ATF. The MGA must have a compliance program in place that fully adheres to the requirements set out in the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, and related regulations and guidelines. The MGA must communicate to advisors the need to have AML/ATF policies and procedures that comply with the legislation. The legislation states that, at a minimum, the AML/ATF compliance program of the MGA and advisors must contain the following elements:
 - appointment of a compliance officer responsible for AML/ATF;
 - development and application of written compliance policies and procedures;
 - assessment and documentation of risks of money laundering and terrorist financing, and measures to mitigate high risks;
 - development and maintenance of a written training program for employees and other persons acting on their behalf; and
 - implementation and documentation of a periodic review (at least every 2 years) of the effectiveness of policies and procedures, the risk assessment, and the training program.

CONSUMER COMPLAINTS

4. The MGA must have policies and procedures in place to appropriately track and respond to consumer complaints.
5. The MGA must notify the Company immediately upon becoming aware of a consumer complaint involving a policy owner of the Company.
6. The MGA's complaint policies and procedures must contain the requirement that any allegations of market conduct issues related to an advisor are reported to the Company and investigated appropriately by the MGA. Where appropriate, such investigation should include a review of the client file, including but not limited to a review of the needs-based selling performed by the advisor and a review of the disclosure provided by the advisor to the client.

BUSINESS CONTINUITY

7. The MGA must have policies and procedures in place to address the adequacy of disaster recovery planning and resources for business continuity.

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