

# Code of Professional Conduct for Agents

Common Sense Financial Insurance Agency (CSFIA) is committed to treating our clients fairly and ethically. We have adopted this Code of Professional Conduct (Code) for our agents for that reason. CSFIA agents have a duty and responsibility to treat clients and other agents fairly and ethically.

**Failure to adhere to these principles may result in disciplinary actions, up to and including termination.**

CSFIA commits itself, and requires its agents to:

- Conduct business according to high standards of honesty and fairness and treat our clients and agents as we would expect and want to be treated
- Compete fairly and honestly in the industry
- Provide advertising and sales material that is clear, honest and fair
- Handle customer complaints and disputes fairly and promptly. Informing the CSFIA home office immediately of any of these issues
- Provide clear and customer-focused sales and service
- Adhere to the high ethical guidelines of doing no harm to our clients, potential clients or fellow agents. This includes, but is not limited to, refraining from bringing politics into any professional discussion. Refraining from bringing any religious ideas or practices into any discussion with clients, agents or the general public while representing CSFIA.
- Maintain appropriate boundaries with fellow agents. No agent of CSFIA may recruit, entice or introduce any other agent to any outside business, investments, religious associations or individuals engaged in those activities without the express written permission of CSFIA home office.
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- No agent of CSFIA may borrow or lend monies to any other agent or client of CSFIA. Exceptions apply for family members.
- Refrain from any sexual harassment, improper language, intimidation, or inappropriate behavior in dealing with any agent, employees, or clients
- Maintain a system of supervision and monitoring reasonably designed to demonstrate CSFIA's commitment to and compliance with these principles

In addition, CSFIA has adopted the following policies specific to the company's products and offerings. It is the policy of CSFIA, in the sale of its insurance products, to meet the express needs of its clients.

CSFIA commits itself and requires agents to:

- Enter into life insurance transactions that assist clients in meeting their expressed insurable needs and objectives.
- Provide recommendations to purchase annuities, life insurance or long term care that are suitable based upon relevant information obtained from clients.
- Maintain a process to comply with laws and regulations that are related to this Code in the marketing and sale of insurance products or related to the running of an insurance business
- Proactively seek to improve the life insurance industry's practices for marketing and sales of insurance products.
- Adopt and support the concepts in this Code.
- To disclose any violations of this Code so that CSFIA may take appropriate corrective action. Use Qualified and Trained Agents
- Agents will be of good character and business repute and have the appropriate qualifications outlined by CSFIA.
- Agents will be licensed, appointed (where necessary), and meet other applicable state requirements required to solicit insurance products. Agents will have completed the appropriate number of training appointments as defined by their trainer/partner before conducting any meetings unsupervised.
- Agents will be properly trained on how to comply with laws and regulations, and CSFIA procedures.
- Agents will be familiar with information that CSFIA makes available about CSFIA's approved product(s) and the features and operations of the product(s). Agents will take advantage of all this provided information regardless of how it is presented.

- Agents shall actively participate in continuing education designed to provide current knowledge regarding products, industry changes, and current trends of the market and industry.

## Ethical Sales Practice Guidelines

As a licensed CSFIA insurance agent (“agent” or “you”), you have certain legal, ethical and professional responsibilities to meet with every client or potential client. Every client has unique needs, goals and plans. By maintaining a consistent ethical standard in helping your clients and potential clients you make is more likely you will have a successful business for the long run.

In addition to the CSFIA guidelines and procedures, agents should also reach out to product providers to get any relevant information for their products/services in our state.

- Offer only products that you are authorized to represent. Make sure you are properly licensed and appointed in the correct state(s).
- Some states require special training in annuities, indexed products, and LTC products before an agent may sell such products. Make certain you have completed those requirements before discussing the product with any potential client.
- Do not use professional designations that imply that you have special certification or training in such a way that it may deceive or mislead any individuals. All designations must be approved by CSFIA home office in writing.
- Be knowledgeable about our products and only offer products where you have sufficient understanding, training and experience. Seek out others who have the required knowledge and involve them as needed for the best interests of your clients.
- Properly disclose that you are a life insurance agent and your association with CSFIA.
- Knowing who your customer is and their specific needs is vital. Your recommendations must be based on their needs and goals as gathered in your Financial Review form.
- Use only CSFIA approved sales and marketing materials.
- Use words and terms that accurately describe the features, benefits and limitations of the products you are licensed and appointed to sell. Avoid incomplete, misleading statements, or prohibited words. Attempt to verify the clients understanding of the product features, benefits and limitations by use of the appropriate disclosure forms.
- Disclose all relevant information about a product or service that you recommend accurately and comprehensively.
- Fully explain the hypothetical nature of illustrations. Explain all assumptions and limitations. Be sure to explain guaranteed and non-guaranteed elements. Do not imply a guarantee or a product feature unless it is specifically built into the product that the client chooses.
- Policy replacements should only be recommended after a careful, thorough (and well-documented) analysis has been done by an agent comparing short and long-term advantages and disadvantages to the client. Be familiar with the replacement requirements where you are licensed and are conducting business.

## Know your limitations

Tax & Legal Advice:

- Generally, an agent may comment upon the tax treatment or features of the insurance product that is being offered. Never offer tax or legal advice that is beyond your scope as a CSFIA agent. CSFIA does not give tax or legal advice and you are not authorized to provide such advice on behalf of CSFIA. CSFIA always recommends that individuals consult a tax and/or legal specialist that can sufficiently understand a client’s unique tax or legal requirements. Make sure you explain to the client that you do not provide tax or legal advice and advise the client that they should seek tax or legal advice on any matters that they have tax or legal questions.
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Selling to Senior Adults

Regulators are increasingly concerned about the way financial services professionals communicate and interact with senior clients or potential clients. When an agent works with a senior customer they must:

- Provide ample opportunity to ask questions about the products being presented.
- Avoid using industry jargon. Instead, use plain language and marketing materials with large font, if available.
- Test and verify the customer's understanding of the proposed solution. Go over the appropriate disclosures in detail and repeat until there is full understanding.
- Provide a fair evaluation of the product(s) features, benefits, limitations, fees, expenses and risks.
- Do not create false sense of urgency and take efforts to clarify any such language.
- Keep clear documentation of what was discussed in the event of recall issues.
- Determine a senior's needs, objectives, and risk tolerance, as well as the appropriateness of the product for the circumstances. A senior's advanced age and special circumstances are significant factors in making these determinations.
- Understand the customer's expenses (e.g., mortgage, medical expenses, college expenses, etc.).
- Determine customer's liquidity needs.
- Avoid high-pressure selling tactics. Some seniors may be vulnerable and easily frightened, intimidated, or confused. While it is important to help such a customer identify and meet real needs, take extra care not to imply, suggest, or cause alarm or fright.
- Avoid using statistics or facts that will mislead, confuse, or give false impressions.
- Protect yourself by being conservative when determining the reasons, needs, and suitability of the purchase and by careful documentation.
- **Reconsider the sale if the senior seems confused or unable to understand it. Your license and our reputation are worth more than any one client sale.**

## Errors & Omissions (E&O) Insurance

Agents engage in the business of providing services and products to clients. There may be situations in which errors, disputes or complaints may arise in regards to an Agents business activities. In order for an Agent to protect themselves from the potential financial impact of good faith errors or omissions, Agents are required to obtain E&O coverage. All CSFIA agents are required to purchase E&O coverage through the CSFIA provided policy. Agents must ensure that they maintain their coverage by meeting the ongoing E&O payment schedule. Failure to comply will result in CSFIA taking action that may include termination.

Even agents that do everything right may still receive a customer complaint. E&O is there to provide support, but it is also important to know policies & procedures, to follow good business practices & to maintain good customer notes.

## Advertising Requiring Review

All advertisements and sales materials must be sent to CSFIA for review and approval prior to use. This includes materials related to products, recruiting, etc. In addition, all sales contests must also be submitted for review and approval prior to launch.

## Supervision

CSFIA is committed to maintaining ethical market conduct and sales practices. Guides, such as this guide are meant to provide guidance and suggestions for a variety of situations, but may not be able to address all possible situations that you as an agent may face in your day-to-day activities. Furthermore, there may be situations where an agent may require supervision, or may require some form of monitoring. If you function in the capacity of a supervisor it is your responsibility to understand any and all requirements of your role.

If CSFIA or an insurance company believes that an agent has failed to comply with policies, procedures, or established guidelines one or more of the following steps may be taken:

- Training or retraining may be initiated
- Agent's sales may be monitored for a period of time
- Compensation may be appropriately adjusted (including moving to "as earned")
- A verbal or written warning may be issued; And/or
- The agent's contract and/or appointment with the insurance company may be suspended or terminated, and/or the agent's affiliation with CSFIA may be suspended or terminated.