



SSC # 121 – THE NEW RULES OF INSURANCE REPLACEMENT, DISCLOSURE & CLIENT DOCUMENTATION

This course is eligible for:

5.0 Life & A&S CE Credits for BC, AB, SK, MB & ON.

Target Audience

This advanced-level course is designed for licensed Canadian insurance professionals who engage in, supervise, or evaluate life and health insurance replacement activity. It is intended for practitioners who require a deep, multidisciplinary understanding of the regulatory, actuarial, tax, underwriting, ethical, and behavioural dimensions of replacement.

The primary audience includes:

- Life-Licensed Advisors and Insurance Agents
- Financial Planners and Wealth Advisors
- Corporate and Advanced Planning Specialists
- Compliance Officers, Supervisors, and MGA Leaders
- Estate, Tax, and Trust-Focused Practitioners
- New and Experienced Advisors Seeking Mastery

This course is appropriate for all advisors who must demonstrate professional judgment, neutrality, and advanced documentation in replacement scenarios.

Course Purpose

The purpose of this course is to equip licensed insurance advisors with a comprehensive, advanced-level understanding of the regulatory, actuarial, ethical, tax, underwriting, behavioural, and documentation considerations that govern insurance replacement in Canada. Replacement is one of the highest-risk activities in financial services, involving the surrender of contractual rights, the resetting of underwriting risk, the potential loss of guarantees, and the possibility of significant tax, estate, and corporate consequences.

This course provides advisors with the knowledge and professional judgment required to evaluate replacement suitability, avoid client harm, and comply with evolving best-interest standards. It integrates regulatory expectations, insurer oversight mechanisms, actuarial principles, corporate and estate planning implications, behavioural finance insights, and advanced documentation requirements into a unified decision-making framework.

Advisors completing this course will be able to identify inappropriate replacements, decline unsuitable transactions, correct misinformation, protect vulnerable clients, and construct a defensible replacement file that meets or exceeds regulatory expectations. The course also prepares advisors for the future of replacement regulation, including enhanced disclosure standards, AI-assisted compliance monitoring, and the shift toward national best-interest frameworks.

Ultimately, the purpose of this course is to strengthen consumer protection, elevate professional practice, and ensure that advisors make replacement recommendations that are ethical, compliant, evidence-based, and aligned with long-term client welfare.

Learning Objectives

Upon successful completion of this course, the advisor will be able to:

1. Regulatory & Compliance Mastery

- Explain the regulatory framework governing insurance replacement across Canadian jurisdictions.
- Identify the compliance risks associated with replacement, including suitability, disclosure, and documentation requirements.
- Apply best-interest standards to replacement decisions and demonstrate regulatory-aligned neutrality.
- Recognize how insurers, MGAs, and regulators monitor replacement patterns and advisor behaviour.

2. Actuarial & Product Analysis

- Evaluate the actuarial implications of replacing older policies, including mortality assumptions, interest rate guarantees, dividend scale positioning, and COI structures.
- Compare guaranteed and non-guaranteed elements across products and assess long-term sustainability.
- Identify situations where older policies provide superior actuarial value and should not be replaced.

3. Taxation, Corporate & Estate Planning

- Analyze the tax consequences of replacement, including ACB, NCPI, taxable gains, and CDA implications.
- Evaluate replacement impacts on corporate planning, including buy-sell agreements, key-person coverage, collateral loans, and corporate succession.
- Assess estate planning implications, including liquidity, equalization, charitable giving, and long-term tax efficiency.

4. Underwriting Risk & Client Protection

- Identify underwriting risks associated with replacement, including rating, decline, exclusion, contestability resets, and suicide exclusion resets.
- Protect clients from coverage gaps, premature cancellations, and underwriting surprises.
- Explain underwriting consequences clearly and document client comprehension.

5. Ethics, Professional Conduct & Advisor Psychology

- Apply ethical principles to replacement decisions, including compensation neutrality, transparency, and client protection.
- Recognize advisor-side behavioural biases (e.g., familiarity bias, overconfidence, halo effect) that distort judgment.
- Demonstrate ethical discipline by declining inappropriate replacements and prioritizing long-term client welfare.

6. Behavioural Finance & Client Psychology

- Identify client-side behavioural biases (e.g., loss aversion, FOMO, simplicity bias, authority bias) that influence replacement decisions.
- Correct misinformation from social media, influencers, and AI-generated content using neutral, factual explanations.
- Manage emotional decision-making and slow down high-risk client requests.

7. Documentation Excellence & File Defensibility

Construct a complete, defensible replacement file that includes:

- Alternatives analysis
- Guaranteed vs. non-guaranteed comparison
- Actuarial, tax, and underwriting assessments
- Behavioural notes
- Written risk disclosure
- Client comprehension documentation
- Advisor rationale
 - Demonstrate narrative documentation that meets or exceeds insurer and regulatory expectations.
 - Apply the 12-Step Replacement Decision Framework to ensure consistency, neutrality, and defensibility.

8. Future-Ready Replacement Practice

- Anticipate regulatory changes between 2026–2030, including enhanced disclosure, AI-assisted monitoring, and national standardization.
- Adapt practice processes to align with future best-interest requirements and heightened oversight.
- Implement proactive compliance strategies to reduce advisor risk and strengthen client trust.