



The Importance of the Reason Why Letter (For Life and Accident & Sickness Agents)

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The Reason Why Letter is an industry-required document, for Life and Accident & Sickness agents, which summarizes for client(s) an agent's product recommendation, the transaction being completed and the rationale for the product purchased.

In June 2017, the Canadian Life and Health Association (CLHIA) published a training module entitled [Serving Clients Through Needs-Based Sales Practices](#), to support agents in managing conflicts of interest. The Reason Why Letter was added as a recommended approach to needs-based selling. It is recommended that a copy be retained in the client file and provided to the client no later than the point of policy delivery.

The training module indicates that *“Providing customers with clear information, before, during and after the point-of sale, reduces the risk of sales which are not appropriate to the customers needs’ and helps advisors manage customers expectations and deal with customer complaints and disputes in a fair manner.”*

The Insurance Council of Manitoba (ICM) is a delegated authority of the Superintendent of Insurance and has the authority to conduct investigations as outlined in *Regulation 227/91*. Agents who are able to provide a well documented Reason Why Letter are able to clearly demonstrate the following:

- That the sale is suitable
- How the product meets the client's needs
- Potential gaps in coverage
- Verify the direction received from the client
- Substantiate the client's understanding of the sale

Reason Why Letter templates may be available from your carrier and/or MGA.

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