

AIA Cambodia Market Conduct Guideline

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THE GUIDELINES

AIA is committed to maintaining the highest standards of professional and ethical conduct among our agency force.

The Market Conduct Guideline (herein referred to as —The Guidelines) is a consolidation of applicable sections in the AIA's rules and regulations. The Guidelines consists 2 sections as Code of Ethics & Conduct, and Reprimand Guidelines. The Guidelines shall be applicable to all AIA Life Planners (herein known as —LP**), Unit Managers and District Managers (herein known collectively as — LP Leaders**) in relation to the conduct of their insurance businesses as representatives of AIA.

While detailing the dos and don'ts for all LPs and LP Leaders, The Guidelines is meant to promote best practices and create compliance awareness amongst the agency force. It is also to enhance the professionalism and ethical conduct of LPs and LP Leaders as well as the good image of the Company. Every LP and LP Leader has a role to play in ensuring the good standing of the insurance industry.

This Guidelines also serves to provide guidance to AIA's Management and all others involved with the Agency Administration when determining whether and/or to what extent formal disciplinary action is necessary in dealing with issues of LPs and LP Leaders misconduct. The purpose of this Guide is to assist those responsible for disciplining LPs in selecting appropriate penalties which can be found in Table of Offences and Penalty (herein after known as the Penalty Table). While the Penalty Table does not cover every possible offence, it does provide the more common types of offences and the penalties usually assessed.

The Guidelines shall be updated from time to time as and when necessary. A later revision shall always supersede an earlier version. However, specific provisions in The Guidelines may be updated from time to time by the Company by way of the issue of memorandums, circulars, directives or Information Sheets (however called). If The Guidelines conflict with any such documentation previously issued by the Company, The Guidelines shall prevail (until further updates apply in due course).

All AIA LPs and LP Leaders are to abide by The Guidelines in the conduct of their insurance business. Whilst every attempt is made to make The Guidelines as complete and as comprehensive as possible, LPs and LP Leaders should appreciate that The Guidelines, like the insurance industry, are not static but, rather, very dynamic. From time-to-time, other rules, regulations, and policies may also apply to the conduct of insurance business over and above The Guidelines. As and when these developments occur, the Company will advise all AIA LPs and LP Leaders as soon as possible.

INTRODUCTION

- i. The term “**life insurance**” used in this code covers all types of term insurances, universal life insurances, whole life insurances, investment-linked insurances, and permanent health insurance.
- ii. The code applies to “**intermediaries**”, i.e. all those persons of a life insurance company, selling life insurance.
- iii. The audit/disciplinary Committee of the insurer shall be responsible for monitoring compliance of the life insurance and the corrective or punitive actions taken.
- iv. In the case of complaints from policy owners that an intermediary has acted in breach of the code, the intermediary shall be required to cooperate with the life insurance company concerned in establishing the facts. The complainant shall be informed that he can refer the complaint to the relevant life insurance company, if not so referred. It shall be an overriding obligation of an intermediary at all times to conduct business with the utmost good faith, integrity and professionalism.

SECTION I: CODE OF ETHICS AND CONDUCT

A. GENERAL SALES PRINCIPLES

1. The intermediary shall:

- i. ensure as far as possible that the policy proposed is suitable to the needs and not beyond the resources of the prospective policy owner.
- ii. give advice only on those matters in which he is competent to deal with and seek or recommend other specialist advice if this seems appropriate;
- iii. treat all information supplied by the prospective policy owner as completely confidential to himself and to the life office which he represents;
- iv. render continuous service to the policy owner. LPs are to ensure that they provide good after sale and prompt service. All policy owners’ request (e.g., change of premium payment method, change of address, amendment to policy, etc.) that LPs had assisted to submit to the company are promptly followed-up to conclusion.
- v. ensure that all documents entrusted to them by the Company for delivery to the clients / prospects are delivered without undue delay.

- vi. LPs must act in the best interests of their prospects / clients when providing financial advisory services to their prospects / clients.
- vii. LPs must disclose to their prospect / client any actual or potential conflicts of interest arising from any connection to or association with any product provider, including any material information or facts that might compromise their objectivity or independence in the carrying on of financial advisory services.

2. The intermediary shall not –

- i. make inaccurate or unfair criticisms of any insurers;
- ii. attempt to persuade a prospective policy owner to cancel any existing policies unless these are clearly unsuited to his needs.
- iii. forge the customer's signature or making false document. Forgery of any kind is prohibited and is a criminal offence.
- iv. doing misrepresentations such as misleading statements, omissions or incomplete comparisons to potential customer prior to purchase being made and to the Company in the application form at the time of submission to the Company for processing.
- v. mis-selling an inappropriate product to customer without performing propose fact find, financial health declaration to analyze customers' need and objective. Example: Mis-selling a protection plan as a savings plan.
- vi. change any customer's data without customer authorization in written.
- vii. try to involve in any type or format of bribery either to or from customer.

B. EXPLANATION OF THE CONTRACT

The intermediary shall –

- i. explain all the essential provisions of the contract, or contracts, which he is recommending so as to ensure as far as possible that the prospective policy owner understands what he is committing himself to;
- ii. ensure that all information and terminology present to the prospects / clients are clear, unambiguous and in simple language. Information provided, including statistics and examples, shall not be misleading or giving unrealistic projections.

- iii. draw attention to any restrictions including exclusions applying to the policy;
 - iv. draw attention to the long-term nature of the policy and to the consequent effects of early discontinuance and surrender;
1. Where a policy offers participation in profits, or otherwise depends on variable factors such as investment performance, descriptions of the benefits shall distinguish between fixed and projected benefits.
 2. Where projected benefits are illustrated, it should be made clear where applicable, that they are based on certain assumptions, for example, future bonus declarations, and hence are not guaranteed, and these benefits declared in the future may be lower or higher than those presumed, (past performance may not necessarily be repeated in the future).
 3. Where an intermediary has been supplied with an illustration by the life office, he shall use the whole illustration in respect of the contract which he is discussing with the prospective policy owner, and no other, and shall not add to it or select only the most favorable aspects of it. The sales illustrations shall be prepared in accordance with the recommendations for bonus/interest/dividend/yield illustrations.
 4. LPs are only permitted to use illustrations generated by the Company or software that has been approved by the Company and ensure that the illustration they use are generated from the most current software. LPs are not permitted to alter the underlying assumptions, or operations of, any Company-approved software.

C. DISCLOSURE OF UNDERWRITING INFORMATION

The intermediary shall in obtaining the completion of the proposal form or any other material:

- i. avoid influencing the proposer and make it clear that all the answers or statements are the latter's own responsibility
- ii. ensure that the consequences of non-disclosure and inaccuracies are pointed out to the proposer by drawing his attention to the relevant statement in the proposal form and by explaining them himself to the proposer
- iii. must ensure that any information, declaration, statement or representation made to the Company is clear, adequate, complete and not false or misleading. LPs must also ensure that they do not omit to disclose any matter that is material to the statement or representation made.
- iv. must maintain the confidentiality of any information obtained from their prospects, policyholders or the Company in the course of the conduct of their insurance business. LPs

therefore must not discuss, disclose or otherwise utilize such information with any other person outside of their LP Leaders or the Company.

D. ACCOUNT AND FINANCE ASPECT

- i. LPs shall strictly not allow to collect any cash or any equivalent for premium payment from the customer.
- ii. LPs shall not induce any prospect / client to handover any money or valuables for intended purposes that are false.
- iii. LPs must not misappropriate any monies related to premium payment and policy benefits payment for their own purposes.
- iv. LPs must not involve in Money Laundering and/or terrorism financing. Facilitating or assisting in a money laundering and/or terrorism financing transaction is a criminal offence. This would include tipping off the potential launderer or making a disclosure, which is likely to prejudice the investigation.
- v. Rebating and/or inducement conducted by LPs is strictly prohibited. LPs must not offer any incentives (monetary or non-monetary) to induce any prospect / client to purchase a policy. LPs must also not offer to rebate to any prospect / client part or all of the commissions they would earn in the sale of any policy to induce that prospect / client to purchase that policy. Any decision to purchase a policy by the prospect / client should be based on other factors such as the product specifications and features meeting his/ her needs and objectives.
- vi. LPs are strictly prohibited from manipulating sales for the purpose of qualifying for incentives, contests or awards.

E. COMPLIANCE TRAINING

All LPs have to undergo ethical market conduct and anti-money laundering trainings conducted by the Agency Training Department or Compliance Department.

F. COPYRIGHT AND INTELLECTUAL PROPERTY RIGHTS

LPs are not allowed to modify any of the Company's materials or incorporate only part of any such materials for their own use without the prior approval of the Corporate Communications Department. Modifying, amongst other things, includes adding and deleting wordings or figures whether via attachments to the Company's document or amending the Company document itself.

G. COMPLIANCE WITH LAW AND REGULATIONS

LPs should at all times maintain adequate knowledge of and comply with all applicable laws, rules, regulations and Company pronouncements relevant to their business activity, including The Guidelines.

H. CRIMINAL RECORDS OR BANKRUPTCY PROCEEDINGS

The Company reserves the right to review the contract of any LP/ LP leader who are prosecuted in any criminal or bankruptcy proceedings. This will also apply to any LP/ LP leader who has a criminal record or who is adjudged a bankrupt.

I. RENDERING ASSISTANCE TO INTERNAL/ EXTERNAL INVESTIGATIONS

LPs must cooperate and render full assistance to investigations (internally or externally) or audit. Cooperation and assistance to these parties may include, for example, assisting in investigations, answering such queries or attendance at meetings, as the internal / external parties may request subject to applicable regulatory requirements.

J. DUTY TO REPORT

Any LP who has knowledge that another LP may be or is involved in an action that breaches The Guidelines and/or contravenes any applicable laws, rules and regulations relevant to his/her business activity, is required to report and cooperate with the Company in its investigation, e.g. providing details such as name of the client/ prospect when required.

K. RECORD MAINTENANCE/ RECORD KEEPING

LPs must maintain proper records of all documents they collected or received during the course of business and shall upon demands from the Company or termination of their life planner's contract for any reason return to the Company all the document, data, software, undelivered policies in their custody or possession for the purpose of transmission to policyholders.

L. UPDATE PERSONAL PARTICULARS

LPs shall notify the Company of any change in their personal particulars within 14 days of such change.

M. USE OF COMPANY PREMISE AND FACILITY

LPs must ensure that the use of the Company's premises and facilities is restricted to the conduct of their AIA insurance business only.

N. COMPLAINT HANDLING

LPs/ LP leaders must ensure that they forwarded any complaint received from policyholder(s) to Client Service Department as part of Company's Complaint Management.

SECTION II: REPRIMAND GUIDELINES

A. PENALTY TABLE

The Penalty Table below contains the possible penalties in the event of breach by an Agent of the following:

- Breaches in the Code of Ethics and Conduct (“COE”)
- Breaches of applicable Laws or Regulations
- Matters highlighted or referred by a regulator or government authority
- Matters which may expose the Company to significant reputational or litigation risk
- Matters involving multiple policyholders/customers

Alternative discipline is available in appropriate circumstances in all cases, except when the penalty to be proposed is termination or dictated by statute. Alternative discipline may also be considered when mitigating circumstances serve to reduce a proposed penalty of removal to a lesser penalty, including a suspension or letter of reprimand.

B. IDENTIFYING AND DESCRIBING OFFENCES

The Penalty Table is not intended to cover every possible type of offence or to provide a series of prescriptions to be matched. For example, if a particular offence listed in the Penalty Table is not appropriate as a description of the offence committed, do not try to “force fit” the description to a match with the Penalty Table, but describe it in terms appropriate to the situation. (However, the description of the offence, once decided upon, should remain the same for all subsequent written references to the offence.)

C. PENALTIES

The ranges of penalties shown in the Penalty Table are those that are considered to be most typical for offences of the nature indicated. The Penalty Table provides for more serious penalties for second and subsequent incidents of LPs and LP Leaders misconduct. This is in keeping with progressive discipline, with the focus being on rehabilitating LPs by taking the least serious corrective action necessary to ensure that further offences are not committed.

If previous offences were serious in nature or represent a pattern of misconduct, a more serious penalty may be considered including but not limited to reporting to the police. Note that a subsequent offence does not have to be a repeat of the first offence (e.g., if an LP is disciplined for breach of Privacy and Confidentiality and then faces charges of Coercion and Undue Influence, the latter penalty can be considered as a second offence). The first action could include a statement such as “Future incidents of this or other misconduct may result in more severe disciplinary action possibly including termination of the Agency Contract.”

The penalty for a given offence may NOT be less than the minimum penalty shown, or greater than the maximum penalty shown in the Penalty Table. This depends largely on whether, and to what extent, the “Mitigating” factors come into play or how severe the act was.

D. MULTIPLE PENALTIES

Multiple penalties for a single act of misconduct, e.g., suspension and demotion, may be appropriate under certain circumstances. As with other penalty selections, when assessing whether to impose dual penalties, Management should give careful consideration to the nature and seriousness of the LP's disciplinary record, whether the penalties fall within tolerable limits of reasonableness, the Penalty Table and other pertinent guidance, and whether, overall, the actions are being taken for such cause as would commiserate with the nature of the offence committed,.

APPENDIX I: PENALTY TABLE

A. ACTION THAT CAUSES IMMEDIATE TERMINATION

TABLE OF DISCIPLINARY OFFENCES AND PENALTIES			PENALTY
#	Category/Offence	Actions	
1	Fraud	<input type="checkbox"/> Intentional dishonest acts <input type="checkbox"/> Committed an unfair or unlawful gain for oneself or another or a loss to another.	<input type="checkbox"/> Outright Termination of Agency Contract
2	Misappropriation of Monies	<input type="checkbox"/> Monies paid by customers are inappropriately used by LP for their own purposes. Monies misapplied for another purpose	<input type="checkbox"/> Outright Termination of Agency Contract
3	Forgery	Making a false document with intent that: <input type="checkbox"/> it should in any way be used <input type="checkbox"/> to do anything such that results in loss to the client or AIA.	<input type="checkbox"/> Outright termination of agency contract
4	Money laundering	<input type="checkbox"/> Process of transferring sales proceeds with intent to conceal the true origin and ownership of such property <input type="checkbox"/> Knowing that all property was obtained or derived directly or indirectly as a result of a criminal activity.	<input type="checkbox"/> Outright Termination of Agency Contract
5	Misrepresentations such as misleading statements, omissions or incomplete comparisons	Material given to the customer for decision-making process shall be free of omissions, fully and accurately disclosed <input type="checkbox"/> to potential customer prior to purchase being made	<input type="checkbox"/> Warning Letter; or/and <input type="checkbox"/> Suspension of Agency Contract for a certain period; or <input type="checkbox"/> Outright Termination of Agency Contract

		<input type="checkbox"/> to the Company in the application form at the time of submission to the Company for processing.	
6	Misrepresentations and improper disclosures	<p>Agent does not present information about the product accurately, honestly, completely in plain language such as and resulting to :-</p> <ul style="list-style-type: none"> <input type="checkbox"/> shows a pattern of poor disclosure; <input type="checkbox"/> commits or shows a pattern of material non- disclosure; <input type="checkbox"/> Makes changes to company-provided sales illustration; <input type="checkbox"/> manipulates and create own sales presentation beyond its defined parameters and created an unreasonable expectation. 	<ul style="list-style-type: none"> <input type="checkbox"/> Warning Letter; or/and <input type="checkbox"/> Suspension of Agency Contract for a certain period; or <input type="checkbox"/> Termination of Agency Contract and <p>Note : In the event, this has caused the Company to incur financial loss, it will be recover from the agent.</p>
7	Misrepresentations and false advertising of insurance policies	<p>Makes or causes to be made own sales illustration or statement, sales presentation, omission or comparison resulting to :-</p> <ul style="list-style-type: none"> <input type="checkbox"/> misrepresents to the :- <ul style="list-style-type: none"> <input type="checkbox"/> benefit, advantages, bonus or share of surplus to be received conditions or terms of any policy <input type="checkbox"/> providing false or misleading information to :- <ul style="list-style-type: none"> <input type="checkbox"/> bonus <input type="checkbox"/> share of surplus previously paid on any life policy <input type="checkbox"/> non-guaranteed features of a life policy <input type="checkbox"/> past performance <input type="checkbox"/> non-guaranteed features of a life policy are guaranteed, <input type="checkbox"/> future returns 	<ul style="list-style-type: none"> <input type="checkbox"/> Warning Letter; or/and <input type="checkbox"/> Suspension of Agency Contract for a certain period; or <input type="checkbox"/> Termination of Agency Contract <p>Note : In the event, this has caused the Company to incur financial loss, it will be recover from the agent</p>

B. CONTRAVENTION OF LAWS, REGULATION AND GUIDELINES

TABLE OF DISCIPLINARY OFFENCES AND PENALTIES			PENALTY
#	Category/Offence	Definition	
1	Signing and submission of life applications	<p>Agent is found to have conducted the following:</p> <ul style="list-style-type: none"> <input type="checkbox"/> accepting blank or partially completed application form signed by customer; <input type="checkbox"/> alterations or amendments made to execute documents <input type="checkbox"/> signing on behalf of the customer <input type="checkbox"/> signing as witness without personally witnessing <input type="checkbox"/> assisting or encouraging the policyholder to commit fraud or forgery against the Company. 	<ul style="list-style-type: none"> <input type="checkbox"/> Warning Letter; or/and <input type="checkbox"/> Suspension of Agency Contract for a certain period; or <input type="checkbox"/> Termination of Agency Contract <p>Note :</p> <p>In the event, this has caused the Company to incur financial loss, it will be recover from the agent.</p>
2	Privacy or confidentiality	<ul style="list-style-type: none"> <input type="checkbox"/> Breaching the privacy and confidentiality of customers or AIA <input type="checkbox"/> sharing or discussing customers' information with any person <input type="checkbox"/> utilizing the information for purposes other than the transaction of an insurance policy. 	<ul style="list-style-type: none"> <input type="checkbox"/> Warning Letter; or/and <input type="checkbox"/> Suspension of Agency Contract for a certain period; or <input type="checkbox"/> Termination of Agency Contract <p>Note :</p> <p>In the event, this has caused the Company to incur financial loss, it will be recover from the agent.</p>
3	Conflict of interest	<ul style="list-style-type: none"> <input type="checkbox"/> Failure to disclose to customer all conflicts of interest or potential conflicts of interest associated with a life insurance transaction or recommendation. <input type="checkbox"/> Example :- <input type="checkbox"/> material with information or facts that might compromise their objectivity or independence in the provision of financial services. 	<ul style="list-style-type: none"> <input type="checkbox"/> Warning Letter; or/and <input type="checkbox"/> Suspension of Agency Contract for a certain period; or <input type="checkbox"/> Termination of Agency Contract <p>Note :</p> <p>In the event, this has caused the Company to incur financial loss, it will be recover from the agent.</p>

4	Mis-selling	<input type="checkbox"/> Did not perform propose fact find, financial health declaration to analyze customers' need and objective to determine the appropriate product for customer Example :- Mis-selling a protection plan as a savings plan	<input type="checkbox"/> Warning letter; or/and <input type="checkbox"/> Suspension of agency contract for a certain period; or <input type="checkbox"/> Termination of Agency Contract
5	Rebating	<input type="checkbox"/> Offering a premium rebate or commission rebate to induce or close sales.	<input type="checkbox"/> Warning letter; or/and <input type="checkbox"/> Suspension of agency contract for a certain period; or <input type="checkbox"/> Termination of Agency Contract
6	Misleading	<input type="checkbox"/> Mislead customer through using business cards or stationery, with designations or ability to provide advice or service.	<input type="checkbox"/> Warning letter; or/and <input type="checkbox"/> Suspension of agency contract for a certain period; or <input type="checkbox"/> Termination of Agency Contract
7	Bribery	<input type="checkbox"/> Receive or give any item either monetary or none monetary to or from customer, government officer or AIA employee with intention to get the sales or provide inaccurate information to AIA.	<input type="checkbox"/> Warning letter; or/and <input type="checkbox"/> Suspension of agency contract for a certain period; or <input type="checkbox"/> Termination of Agency Contract
8	Field Underwriting	<input type="checkbox"/> Failure to undertake a proper field underwriting for new business <input type="checkbox"/> Failure to capture the accurate, truthful and complete the application form, FATCA indication, SQS, address, credit card info (list is not exhaustive)	<input type="checkbox"/> Warning letter; or/and <input type="checkbox"/> Suspension of agency contract for a certain period; or <input type="checkbox"/> Termination of Agency Contract
9	Use of Trademarks & Copyrights and Unlicensed software	<input type="checkbox"/> Misuse of trademarks or any copyright material belonging to AIA entity without the prior permission from AIA <input type="checkbox"/> Using unlicensed software in personal computer to conduct insurance business.	<input type="checkbox"/> Warning letter; or/and <input type="checkbox"/> Suspension of agency contract for a certain period; or <input type="checkbox"/> Termination of Agency Contract

C. CONTRAVENTION WITH GUIDELINES OR POLICIES (NEW PROPOSAL)

TABLE OF DISCIPLINARY OFFENCES AND PENALTIES			PENALTY
#	Category/Offence	Definition	
1	Non- disclosure to AIA or Incorrect information provide to AIA /customer	<input type="checkbox"/> Failure to provide correct customer details in the proposal form <input type="checkbox"/> Providing information without any due diligence causing the company to accept sub-standard life case or to issue unsuitable life case as standard	<input type="checkbox"/> Warning letter; or/and <input type="checkbox"/> Suspension of agency contract for a certain period; or <input type="checkbox"/> Termination of agent contract
2	Unclear explanation to customer :- <input type="checkbox"/> payment period, <input type="checkbox"/> plan charges <input type="checkbox"/> Product / plan features	<input type="checkbox"/> Failure to provide clear explanation to the customer or non-disclosure of information related to the life plan sold to them. Example :- <input type="checkbox"/> Regular premium payment as single premium payment <input type="checkbox"/> Exclusion clauses not properly highlighted, <input type="checkbox"/> inflating the policy maturity benefits <input type="checkbox"/> non-guaranteed portion as guaranteed	<input type="checkbox"/> Warning letter; or/and <input type="checkbox"/> Suspension of agency contract for a certain period; or <input type="checkbox"/> Termination of agent contract
3	Inappropriate form signing <input type="checkbox"/> Agent signing on behalf <input type="checkbox"/> Agent did not witness of signature)	<input type="checkbox"/> Agents signing on behalf of the customer and later on request for change of signature to capture the customer correct signature, <input type="checkbox"/> Agent signing as a witness, was not presence when the proposal form was executed by the customer	<input type="checkbox"/> Warning letter; or/and <input type="checkbox"/> Suspension of agency contract for a certain period; or <input type="checkbox"/> Termination of agent contract
4	Unlicensed selling / Unlicensed Agent	<input type="checkbox"/> Allow unlicensed personnel to solicit life business on their behalf <input type="checkbox"/> Allow unlicensed personnel make use of agent's account code to book-in the	<input type="checkbox"/> Warning letter; or/and <input type="checkbox"/> Suspension of agency contract for a certain period; or <input type="checkbox"/> Termination of agent contract

		business such as life application or loan application	
5	Unauthorized or mis-used of third party credit card details to submit new life business	<input type="checkbox"/> Unintentional or careless/reckless in recording the customer card details in the proposal form resulted a third party card was used to pay for the initial premium for the new life case during application	<input type="checkbox"/> Warning letter; or/and <input type="checkbox"/> Suspension of agency contract for a certain period; or <input type="checkbox"/> Termination of agent contract
7	<input type="checkbox"/> Pooling and sub-agency <input type="checkbox"/> Agent failed to disclose or declare that their spouse or immediate family member is contracted with a different agency when applying to be an agent with AIA Cambodia	<input type="checkbox"/> Agents contract their spouse or immediate family members with a different agency or different insurance company. <input type="checkbox"/> Cases closed by the said agents would be diverted to them	<input type="checkbox"/> Warning letter; or/and <input type="checkbox"/> Suspension of agency contract for a certain period; or <input type="checkbox"/> Termination of agent contract
8	Improper Switching or Churning and replacement of policy	<input type="checkbox"/> Situation where a client disposes of, or reduces his/her interest in, all or part of a particular product to acquire all or part of, or increase his/her interest in, another product where there is no apparent benefit to the client.	<input type="checkbox"/> Warning letter; or/and <input type="checkbox"/> Suspension of agency contract for a certain period; or <input type="checkbox"/> Termination of agent contract

9	<p>Improper completion of the customer proposal form such as:-</p> <ul style="list-style-type: none"> <input type="checkbox"/> Providing own telephone number or third party telephone number / invalid number as policyholder's contact number <input type="checkbox"/> Providing own residence address or third party address/ invalid address as policyholder's address 	<p>Do not document the customer telephone or proper address in the proposal form but instead document their own telephone number/address or third party telephone number/address.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Warning letter; or/and <input type="checkbox"/> Suspension of agency contract for a certain period; or <input type="checkbox"/> Termination of agent contract
10	<p>Other non-compliance of internal / regulatory rule:-</p> <ul style="list-style-type: none"> <input type="checkbox"/> non-compliance of internal rules <input type="checkbox"/> non-compliance of regulatory requirements 	<p>Any other non-compliance offence that is not listed in the Penalty Table</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Warning letter; or/and <input type="checkbox"/> Suspension of agency contract for a certain period; or <input type="checkbox"/> Termination of agent contract

APPENDIX II: GUIDELINES ON SUSPENSION AND TERMINATION OF LP'S CONTRACT

1. SUSPENSION OF LP'S CONTRACT

- Suspension will take place with effect from the date as stated in the penalty letter to LP. The LP is given 14 days from the date of the penalty letter to file an appeal request to Market Conduct Committee ("MCC").
- Until such time as an appeal request has been resolved, the suspension on LP shall be remained.
- Retraining for LPs serving suspension in areas where they had failed in. Retraining could be by attendance of a relevant course conducted during new LPs on-boarding training, or receiving one-on-one training.

2. IMMEDIATE SUSPENSION OF LP'S CONTRACT

Immediate suspension to be effected by Company when a LP is suspected to have committed a serious misconduct, which requires immediate suspension, it will not be lifted until investigation is completed and disciplinary action or otherwise is made.

3. RESTRICTION DURING SUSPENSION PERIOD

During suspension period, LPs shall be subjected to some restrictions which will be determined by MCC according to the nature, impact, and seriousness of misconducts. Such restrictions includes, but not limited to, suspension of LP's account, suspension of LP's activities.

A. SUSPENSION OF LP'S ACCOUNT

LPs who have their account suspended are allowed to perform any sale and servicing related activities per usual. However, their commission will be withheld by the company during the suspension period.

B. SUSPENSION OF LP'S ACTIVITIES/ CONTRACT

LPs whose activities are suspended are ***not permitted*** to do any form of sales advisory or servicing related activities. However, LPs are to continue to attend the monthly meeting and coaching sessions during suspension period. For LP Leaders who are suspended, they are ***not permitted*** to do any form of sales advisory, servicing related activities, T&C duties and recruitment related activities. Some examples include:

- Submit new business
- Prospect for clients

- Assist client in making policy changes, such as change of address or top-up
- Recruit or be involved in recruitment exercises for new LPs, where applicable
- Receive over-riding commission, where applicable
- Performing T&C duties (e.g. going for joint-field visits, conducting coaching sessions or meetings and sales competency certification)
- Perform any sales advisory role

These are examples only and not meant to be an exhaustive list.

4. TERMINATION OF LP'S CONTRACT

- Termination will be effective 14 days from the date of notification. In the meantime, LP will be suspended from all activities.
- If LP submit an appeal request, he/she shall continue to be suspended from all activities as a representative of the Company until the MCC has decided on his/her case.
- Once termination is effected, the LP is obliged to return's all AIA Cambodia's assets.

5. IMMEDIATE TERMINATION OF LP'S CONTRACT

Immediate termination to be effected by Company when a LP is proved to have committed a serious misconduct or fraud, which requires immediate termination.

APPENDIX III: APPEAL AGAINST DISCIPLINARY PENALTY

Appeal Process

- LPs who are served with disciplinary action may appeal against the penalty
- The LPs shall submit a written statement with any additional information and evidence which must be endorsed by the Chief Distribution officer (CDO) of the relevant sales channel to the “Appeal Panel” within 14 working days of delivering the MCC decision.
- The decision arrives by the Appeal Panel would be considered as “the final”. Further escalation / mitigation would not be allowed.

APPENDIX IV: GLOSSARY

Advertising and Marketing Materials – All forms of written communication (including electronic communication) of a general nature put up by the Company or LP pertaining to products and services provided by them. It also includes materials that are intended for prospecting new business or recruiting.

Breach of Confidentiality – Divulging personal information, such as financial or policy details, of a client to unrelated third parties without the expressed consent of the client.

Conflict of Interest – A situation in which a LP's connection to or association with any product provider, including any material information or facts, compromises his/her objectivity or independence in the carrying on of financial advisory services.

Field Underwriting – The process whereby a LP seeks information from a client required by the Company to assess a policy application or policy-related transaction.

Life Planner's Contract - The contractual agreement, containing all terms and conditions, signed between AIA and a LP

Forgery - Making any false document or part of a document with intent to cause damage or injury to the public or to any person, or to support any claim or title, or to cause any person to part with property, or to enter into any express or implied contract, or with intent to commit fraud or that fraud may be committed.

Immediate family – For LPs who are not married, immediate family are their parents and siblings. For LPs who are married, immediately family are their parents, spouse and children.

Improper Switching (Churning)– A situation where a client disposes of, or reduces his/her interest in, all or part of a particular product to acquire all or part of, or increase his/her interest in, another product where there is no apparent benefit to the client.

Inducement – The act of offering incentives (monetary or non-monetary) to induce any client to purchase a policy.

Manipulation – An act to control or influence somebody or something to the LP's advantage.

Misappropriation – Dishonestly misappropriating or converting any property entrusted to the LP for his/her own use, or dishonestly using or disposing of that property in violation of any direction of law prescribing the mode in which such trust is to be discharged, or of any legal contract, express or implied, which he/she has made touching the discharge of such trust, or wilfully suffers any other person to do so

Misrepresentation – A statement or illustration that is false, inadequate, misleading or inaccurate.

Money laundering – Any act or process intended to mask the benefits derived from unlawful activities so that they appear to have originated from a legitimate source.

Multi-Level Marketing - A sales system under which the salesperson receives a commission on his or her own sales and a smaller commission on the sales from each person he or she convinces to become a salesperson.

Pooling – The passing of a case from one LP to another LP where the latter was not present at the time of presentation or at the time of signing the proposal form by the client.

Pyramid Selling – See Multi-Level Marketing

Rebate – LP offering part or all of his/her commissions to a client that he/she would have earned in the sale of the policy to the client.

Sub-Agency – The passing of a case from a person to a LP where the person is not licensed to sell insurance products and where the LP was not present at the time of presentation or at the time of signing the proposal form by the client. See **Pooling**.