

Examples of BSC Category 2 infractions

Example 1 – KPI 1

The information collected by the Rep was insufficient to enable the representative to have a good understanding of client's profile, risk appetite and financial objectives.

Scenarios:

- (a) Client highest qualification is Secondary and is not proficient in writing English language – is a Selected Client. However, Trusted Individual Declaration section was crossed out and not completed for Selected Client, without justification in the basis of recommendation. Not a CAT 1 as mitigating factors considered (It is a recommendation of an Eldershiel plan – Aviva MyCare.)
- (b) Representative recommended an Endowment plan to client. Investment risk profile was crossed out and not completed for insurance planning (i.e. Qn 1 on Section 8 of FP was not completed).
- (c) Application form was signed and dated 3 June 2015, but FP was signed and dated on 8 June 2015. Evidence based on dates suggested pre and/or post-dating of documents and Representative could have recommended and concluded the insurance plan before a fact find was completed with client.

Example 2 – KPI 1 & 2

The information collected by the Rep was insufficient to enable the representative to have a good understanding of client's profile, risk appetite and financial objectives. But the insurance/ investment product was found to be suitable for the client.

Scenarios:

- (d) Client indicated high concern/need for saving for other purposes and Long Term Care in Financial Objectives. Needs analysis was only completed for Long Term Care. Representative recommended Aviva My Care and NTUC Revosave (Endowment) to client. Relevant needs analysis was not completed (Shortfall not derived/Questionable Sum Assured) for high concern financial objective and recommendation was provided with no needs analysis.
- (e) In the online trade approval form, Representative indicated last FP date as 26 Sep 2014 and BOR indicated in Online Rationale. In 26 Sep 2014 FP, low concern indicated for all financial objectives by all needs analysis was left blank. Recommendation with no relevant needs analysis completed (Shortfall not derived/Questionable Sum Assured)
- (f) Client indicated high concern/need for "Critical Illness" only in Financial Objectives. Only CI needs analysis completed. All other needs analysis were crossed out. Representative recommended AXA Term Protector + TPD Benefit + Critical Illness benefit and indicated in the basis of recommendation that 'AXA Term Protector will suit both of your needs to protect against critical illness, death and total permanent disability'. Recommendation with no relevant needs analysis completed (Shortfall not derived/Questionable Sum Assured)

- (g) Client indicated high concern/need for “Critical Illness” only in Financial Objectives. Only CI needs analysis completed. No indication of concern for death and TPD in Financial Objectives and no relevant needs analysis performed death and TPD. Recommendation (with no relevant needs analysis completed (Shortfall not derived/Questionable Sum Assured)). In addition, the recommended plan include basic death coverage of \$300,000 plus booster of \$300,000 (total \$600,000) and TPD coverage of \$300,000 plus booster \$300,000 (total \$600,000), which is higher than the required CI coverage (CI need indicated) of \$150,000 plus booster \$150,000 (total \$300,000). Higher Sum Assured recommended (SA is higher than Shortfall / Recommendation of coverage when client has no shortfall).

Example 3 – KPI 2

Having conducted the necessary fact-find, a representative recommended an insurance/ investment product to client without taking into account the client’s financial objectives, investment horizon, risk profile, financial situation and particular circumstances and needs. Deviation from client’s financial objectives, investment horizon, risk profile, financial situation and particular needs were not justified with documentation of basis of recommendation.

Scenarios:

- (h) Rep recommended insurance plan with monthly premium which is higher than client’s declared affordability in Section 11 of FP. No justification was provided. Not a CAT 1 as mitigating factors considered (Within client’s monthly surplus and/or Client call back performed with no adverse findings)
- (i) Client is CKA incompetent and has a Growth risk profile. Representative recommended an “Aggressive” portfolio to client. Higher risk recommended to client with no justification for mismatch.
- (j) Rep recommended TM Legacy Lifeflex + TPD Rider + TPD Booster + Basic Booster + EC Rider + EC Booster. Needs analysis indicated a surplus of \$845,000 death coverage but Representative recommended \$100,000 death coverage and \$50,000 basic booster. No justification for the Higher Sum Assured recommended (SA is higher than Shortfall / Recommendation of coverage when client has no shortfall). Not a CAT 1 as mitigating factors considered (Within client’s affordability)
- (k) Needs analysis indicated client has a death shortfall of \$352,000. Representative inaccurately documented client’s death needs as \$500,000 in BOR and a plan with \$500,000 death coverage was recommended to client without providing justifications. No justification for the Higher Sum Assured recommended (SA is higher than Shortfall / Recommendation of coverage when client has no shortfall) Not a CAT 1 as mitigating factors considered (Within client’s affordability)
- (l) Client is aged is 53 and declared in needs analysis that his desired retirement age is 60. However, it was documented in the basis of recommendation “the plan will cease at 77 years old which is last 3 years before your retirement planning age.” Unclear indication of client’s retirement age. Based on retirement age of 60, the policy premium term which is 25 years is not in line with the client’s desired time horizon. Time horizon of retirement plan exceeds timeline for retirement need with no justification.

- (m) Extremely weak and inadequate basis of recommendation. Representative only documented in the basis of recommendation 'Aviva Ideal Income w SA of \$3k per month will help to alleviate partially the issue of cash flow problems in event of disability or illness' with the current 35% discount on annual premiums permanently, it's one of the cheapest in the market'. Rep did not justify how the plan suits the client, taking into consideration client's financial objectives, investment horizon, risk profile, financial situation and particular circumstances and needs.
- (n) Extremely weak and inadequate basis of recommendation which lacks rationale for recommendation as Representative is merely stating client's objectives and 'likes'. Rep did not justify how the plan suits the client, taking into consideration client's financial objectives, investment horizon, risk profile, financial situation and particular circumstances and needs

Example 4 – KPI 3

A representative failed to disclose or omitted to provide or provided unclear and misleading information on the key features, key risks or mechanics of an investment product which was recommended to a client. However, client would still have bought the investment product if the abovementioned information had been provided to him by the representative.

Scenarios:

- (o) Representative did not document the feature and/or limitations of recommended product (main plan / add on rider/ add on booster/ add on waiver) in basis of recommendation.
- (p) A participating whole life plan provide coverage against death, TI and TPD with add on Early Care rider was recommended to client but Representative did not highlight and document the features and limitations (material information) of the recommended plan in the basis of recommendation. Rep merely documented in the BOR 'Risk, disadvantages and limitations of the products and recommendations, fees and charges are as per BI and Product Summary, explained to client and duly signed by client'.
- (q) Misleading statement: Rep recommended a whole life plan, AXA Life Exentials with Acc CI, and indicated in the BOR 'Client understand that typically for insurance product, the breakeven is 12-15 years' which is not applicable for the recommended plan.
- (r) False statement: Representative documented in the BOR that for the recommended Aviva MyCare Plus, "Rehabilitation benefit will be payable following a severe disability claim". The product summary states that Rehabilitation benefit is only applicable to Aviva MyCare only and not Aviva MyCare Plus.
- (s) False statement: Representative documented in the basis of recommendation that the plan has "an Accidental Death cover of USD\$75,000. Product summary indicates the cover is USD\$50,000.