

Due Diligence Checklist for Life Insurance “Best Execution” Service Providers

- 1) How long has your firm been offering life insurance product recommendations and/or placements?
- 2) Describe the services you/your firm are licensed to provide.
 - a) Are you/your firm licensed to charge fees for consulting?
 - b) Are you/your firm licensed to place all forms of life insurance?
 - c) If so, provide a FINRA BrokerCheck report for you and/or your firm.
- 3) Have you experienced any concentration of life insurance placements for any particular product-type?
 - a) If so, then for which product type(s)?
 - b) For what reasons were placements concentrated among this/these product type(s)?
- 4) Are you/your firm licensed to operate in all fifty states?
 - a) If not, then in which states are you unable to provide life insurance consulting and/or placement services?
- 5) Are you/your firm limited in your ability to place life insurance with certain insurance companies?
 - a) If so, then provide the list of insurers for whom you are licensed and appointed to make life insurance placements from the relevant State Department of Insurance website.
- 6) Have you experienced a concentration of life insurance placements with any insurer or small number of insurers?
 - a) If so, provide a list of insurers with whom you’ve placed the most life insurance within the past 3 years.
 - b) What have been the reasons for such concentration of placements?
- 7) Describe the elements of Client’s Best Interest considered in your due diligence process.
- 8) Describe your due diligence process for determining which product-types you recommend to be in the Client’s Best Interest.
- 9) Describe your process for determining which specific products you recommend in the Client’s Best Interest?
- 10) Does your firm perform due diligence for product recommendations internally? Or do you rely on outside parties?
 - a) If outsourced, describe the relationship between your firm and these outside parties, as well as the forms of compensation paid to these outside parties.
 - b) Either way, describe the credentials and experience of the analysts you rely upon in your product recommendations.
- 11) Has your due diligence process been reviewed by FINRA for compliance with their requirements for Client’s Best Interest determinations?
 - a) If not, then why not?

Due Diligence Checklist for Life Insurance “Best Execution” Service Providers

- 12) Please explain your process for communicating to clients that product recommendations are in their Best Interest according to fiduciary principles.
 - a) Do you use independent benchmarking or rating services?
 - b) If not, then why not?
 - c) If so, then what benchmarking/rating services are used to independently verify ...
 - ... competitiveness of internal policy costs,
 - ... reasonableness of the rate of return required to meet illustrated expectations, and
 - ... risks of under-performance?
- 13) Please explain the nature of conflicts of interest related to your product recommendations and how you mitigate such conflicts.
- 14) Do you provide performance monitoring reports for the products you recommend?
 - a) If so, then how frequently do you produce such policy performance monitor reports?
 - b) What specific elements of policy performance are considered in your policy performance review report?
 - c) What policy management options (PMOs) are generally detailed in your policy/portfolio performance review report?
 - d) Please provide a recent, redacted example of your policy/portfolio performance review report.
- 15) How are you and your firm compensated?
 - a) How is such compensation determined?
 - b) How is such compensation disclosed?
 - c) How is such compensation paid?
- 16) Do you offer commission/fee discounts?
 - a) If so, then under what circumstances and by what amounts do you discount your compensation/fees?