

Study on Compensation and Incentives in the Insurance Sector

Insurance of Persons

About the study

The Institut de la statistique du Québec has been mandated by the Autorité des marchés financiers to provide a statistical portrait of the compensation and incentives offered by companies in the insurance of persons and damage insurance sector under its supervision.

The objective of this study is to collect information on compensation programs, performance management targets and criteria, and other non-monetary benefits provided.

Mandatory participation

Your company has been selected to participate in this study. Given the importance of the study results, your company's participation is mandatory in accordance with the *Act respecting the Institut de la statistique du Québec* (CQLR, chapter I-13.011).

Confidentiality

You must provide your data to the Institut de la statistique du Québec (Statistique Québec) as requested in this questionnaire. Statistique Québec guarantees that the data provided by your company as part of this study will be kept confidential.

For quality and training purposes, telephone conversations with Statistique Québec agents are recorded. Any person who does not want their conversation to be recorded can notify the agent at the beginning of the call.

Assistance

If you require assistance, please contact the Direction de la gestion de la collecte by telephone at 1-800-561-0213 or by e-mail at collecte@stat.gouv.qc.ca.

Instructions

- ▶ The questions are only about individual life insurance and individual accident and sickness insurance.
- ▶ All questions cover the reference period from January 1, 2021 to December 31, 2021.
- ▶ Do not return the questionnaire to us by mail or fax.
- ▶ Please complete the questionnaire within the next two weeks.
- ▶ This study focuses on the situation in the province of Québec; please consider only the portion of your company that is located in Québec when responding.
- ▶ Answer to the best of your knowledge.
- ▶ If you do not have the exact information pertaining to certain sections of the questionnaire, please provide the best possible estimate.
- ▶ To answer all the questions, you may have to consult others working at your company.

Definitions

The definitions below refer to the terms in the questionnaire marked with an asterisk (*).

2021

From January 1, 2021 to December 31, 2021.

Accident and sickness insurance

A type of insurance that provides benefits if the insured is sick or injured, or dies in an accident. This type of product includes disability insurance, accidental death and dismemberment insurance, and critical illness insurance.

Bonus

A bonus is an amount of money (fixed or based on a percentage of the premium volume or commissions) paid to a representative or an intermediary as a reward or encouragement for their overall sales performance. This compensation category includes year-end bonuses granted under profit-sharing plans.

Business relationship

A business relationship is a commercial relationship established between one or more parties that comes to be through the realization of several successive operations.

Commission

Commissions are remuneration usually calculated as a percentage of the premium or amount invested. Commissions usually vary by type of insurance policy (e.g., permanent, term or universal life insurance; critical illness insurance; disability insurance; personal lines and commercial lines insurance), and by coverage options.

(Sales) contests

Contests can take many forms and can be organized by the insurer, the general agent, the banner, or the firm. For example, some contests may reward those who have achieved a minimum number of sales of a product or family of products during a given period. Other contests may focus on client retention, acquisition or referral goals, or on technology adoption goals.

Distribution network

A group of distributors who offer the supplier's products and services to consumers. A distribution network can be composed of direct or exclusive channels, independent channels, distribution without representatives, or Internet sales.

Firm

A legal person offering financial products and services that is registered with the Autorité des marchés financiers.

General agent

An entity to which the company has delegated certain tasks and which acts as an intermediary between the insurer and other registrants. A general agent distributes products from several insurers.

Independent partnership

An independent partnership consists of certified representatives grouped together into a general partnership. Each representative within the partnership carries out his or her activities as an employee or partner.

Independent representative

An independent representative carries out his or her activities without being attached to a firm, nor being a partner or employee of an independent partnership.

Insurance of persons

Insurance that encompasses several types of insurance whose object is the life, physical integrity or health of the insured.

Insurance of persons policy

A legal agreement between the client and his or her insurer that sets out the terms of the client's insurance coverage.

Insurer

An insurer is an insurer authorized under the *Insurers Act*, other than a self-regulatory organization authorized to insure the professional liability of the persons governed by it. Insurer activities consist in undertaking to make a payment under an insurance contract if a risk covered by the insurance occurs.

Life insurance

A type of insurance where benefits are paid upon the death of the insured.

Non-monetary benefits

Non-financial benefits such as various material prizes or services. Examples include show or game tickets, a gift card, a stay at an inn, participation in a convention, a trip, access to privileged circles, access to a computer platform or software, etc. Non-monetary benefits do not include non-financial benefits of a promotional nature and/or of modest value. Pencils, notebooks, calendars, t-shirts and golf balls are examples of promotional/low-value items that should not be included in the calculation of the amounts reported.

Overriding commission

An overriding commission is expressed as a percentage. It is paid on achieving a determined sales volume, in addition to the upfront commission. In certain cases, the overriding commission aims to compensate an intermediary for increasing their sales volume, particularly in a given geographic territory, or for a specific type of product or business area.

Permanent life insurance

A type of insurance that provides lifelong protection for the insured in return for payment of the required premiums. This insurance usually has a cash value. Examples include whole life insurance, term-to-100 insurance, and universal life insurance.

Representative attached to a firm

A representative that carries out his or her activities on behalf of a firm.

Representative in insurance of persons

A representative in insurance of persons is a natural person who offers individual insurance of persons products or individual annuities from one or more insurers directly to the public, to a firm, to an independent representative, or to an independent partnership.

Salary

Salary refers to the compensation received by persons bound by an employment contract. It excludes commissions, bonuses, overriding commissions and non-monetary benefits.

Term life insurance

A type of life insurance that provides coverage for a specified period of time, either for a certain number of years (e.g., 10 years), or until a certain age (e.g., age 65). This insurance policy does not have a cash value.

Universal life insurance

Permanent life insurance with flexible premiums. It has two components: life insurance and an investment account.

1 In 2021*, did your firm* act as a general agent* in Québec?

- Yes
- No → Go to question 14

Questions for general agents

Portrait of the distribution network*

2 In 2021, how many firms, independent representatives* and independent partnerships* in Québec did you have a business relationship* with as a general agent?

firms

independent representatives and independent partnerships

If you don't know the exact number, please round to the nearest ten.

3 In 2021, how many representatives* (including those attached to a firm) were part of the distribution network for which you were acting as a general agent?

Relationship with insurers*

The questions in this section are exclusively about your activities as a general agent.

4.1 For each product and for all products together, what compensation did you receive from insurers in 2021 and what percentage is associated with each of the following compensation categories?

	Life insurance* products			Accident and sickness insurance* products	All products
	Universal life insurance* (excluding investment portion)	Permanent life insurance*	Term life insurance*	Accident and sickness insurance	Life insurance and accident and sickness insurance
Total compensation	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
Commissions*	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %
Overriding commissions*	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %
Other (specify) <input type="text"/>	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %
	100%	100%	100%	100%	100%

Please round amounts to the nearest dollar.

4.2 A bonus* is an amount of money paid or received in addition to commissions and overriding commissions for the sale of insurance products. If you received bonuses from insurers for the sale of the above-mentioned products, what amount or what percentage of total compensation do they represent?

\$ _____ or _____ % of total compensation

5.1 For each product, how many insurance of persons policies* were written with the insurers with which you had a business relationship in 2021?

	Life insurance products			Accident and sickness insurance products
	Universal life insurance	Permanent life insurance	Term life insurance	Accident and sickness insurance
Number of policies	_____	_____	_____	_____

5.2 For these products only, with how many insurers with which you had a business relationship were insurance of persons policies written in 2021?

6.1 In 2021, did at least one of the insurers with which you had a business relationship organize contests* to boost your firm's sales?

Yes

No → Go to question 7

6.2 In 2021, how many insurers with which you had a business relationship organized contests to boost your firm's sales?

7 Total compensation can include non-monetary benefits* (i.e., non-financial benefits). In 2021, did you receive any non-monetary benefits from the insurers with which you had a business relationship?

Yes

No → Go to question 9.1

8 Please estimate the total value of the non-monetary benefits received in 2021 from the insurers with which you had a business relationship and specify how many insurers provided these benefits.

	Estimated value	Number of insurers
Non-monetary benefits received	\$ _____	_____

Relationship with firms, independent representatives and independent partnerships

The questions in this section are exclusively about your activities as a general agent.

9.1 For each product and for all products together, what compensation did you pay to firms (excluding independent representatives and independent partnerships) in 2021* and what percentage is associated with each of the following compensation categories?

Please round amounts to the nearest dollar.

	Life insurance products			Accident and sickness insurance products	All products
	Universal life insurance (excluding investment portion)	Permanent life insurance	Term life insurance	Accident and sickness insurance	Life insurance and accident and sickness insurance
Total compensation	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Commissions	_____ %	_____ %	_____ %	_____ %	_____ %
Overriding commissions	_____ %	_____ %	_____ %	_____ %	_____ %
Other (specify) _____	_____ %	_____ %	_____ %	_____ %	_____ %
	100%	100%	100%	100%	100%

9.2 A bonus is an amount of money paid or received in addition to commissions and overriding commissions for the sale of insurance products. If you paid bonuses to firms (excluding independent representatives and independent partnerships) for the sale of the above-mentioned products, what amount or what percentage of total compensation do they represent?

\$ _____ or _____ % of total compensation

10.1 For each product, how many insurance of persons policies were written exclusively for firms (excluding independent representatives and independent partnerships) with which you had a business relationship in 2021?

	Life insurance products			Accident and sickness insurance products
	Universal life insurance	Permanent life insurance	Term life insurance	Accident and sickness insurance
Number of policies	_____	_____	_____	_____

10.2 For these products only, for how many firms (excluding independent representatives and independent partnerships) with which you had a business relationship were insurance of persons policies written in 2021?

10.3 For these products only, for how many independent representatives and partnerships with which you had a business relationship were insurance of persons policies written in 2021?

11.1 In 2021, did you organize any contests for the firms with which you had a business relationship to boost sales?

Yes

No → Go to question 12

11.2 In 2021, how many firms with which you had a business relationship were these contests for?

12 Total compensation can include non-monetary benefits (i.e., non-financial benefits). In 2021, did you offer any non-monetary benefits to the firms with which you had a business relationship?

Yes

No → Go to data matching consent

13 Please estimate the total value of the non-monetary benefits offered in 2021 to the firms with which you had a business relationship and specify how many firms received these benefits.

	Estimated value	Number of firms
Non-monetary benefits offered	\$ _____	_____

Go to data matching consent

Questions for firms*

Relationship with insurers* and general agents*

14 In 2021*, did you have a direct business relationship* with insurers that offer insurance of persons* products, i.e., without the involvement of an intermediary or a general agent?

Yes

No → Go to question 19

15 In 2021, with how many insurers with which you had a business relationship were insurance of persons policies written for the four following products: universal life insurance*, permanent life insurance*, term life insurance*, and accident and sickness insurance*?

16.1 In 2021, did at least one of the insurers with which you had a direct business relationship organize contests* to boost your firm's sales?

Yes

No → Go to question 17

16.2 In 2021, how many insurers that offer insurance of persons products with which you had a direct business relationship organized contests to boost your firm's sales?

17 Total compensation can include non-monetary benefits* (i.e., non-financial benefits). In 2021, did you receive any non-monetary benefits from the insurers that offer insurance of persons products with which you had a direct business relationship?

Yes

No → Go to question 19

18 Please estimate the total value of the non-monetary benefits received in 2021 from the insurers that offer insurance of persons products with which you had a direct business relationship and specify how many insurers provided these benefits.

	Estimated value	Number of insurers
Non-monetary benefits received	\$ _____	_____

19 In 2021*, did you have a business relationship with any general agents?

- Yes
 No → Go to question 25.1

20.1 For each product, of the total compensation you received from general agents in 2021, what amount or percentage is associated with each of the following compensation categories?

Please round amounts to the nearest dollar.

	Life insurance* products			Accident and sickness insurance* products	All products
	Universal life insurance* (excluding investment portion)	Permanent life insurance*	Term life insurance*	Accident and sickness insurance	Life insurance and accident and sickness insurance
Total compensation	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Commissions*	_____ %	_____ %	_____ %	_____ %	_____ %
Overriding commissions*	_____ %	_____ %	_____ %	_____ %	_____ %
Other (specify) _____	_____ %	_____ %	_____ %	_____ %	_____ %
	100%	100%	100%	100%	100%

20.2 A bonus* is an amount of money paid or received in addition to commissions and overriding commissions for the sale of insurance products. If you received bonuses from general agents for the sale of the above-mentioned products, what amount or what percentage of total compensation do they represent?

\$ _____ ou _____ % of total compensation

21.1 For each product, how many insurance of persons policies* were written in 2021, with or without the involvement of an intermediary?

	Life insurance products			Accident and sickness insurance products
	Universal life insurance	Permanent life insurance	Term life insurance	Accident and sickness insurance
Number of policies	_____	_____	_____	_____

21.2 For these products only, how many general agents with which you had a business relationship were involved in the underwriting of policies in 2021?

|_____|

22.1 In 2021, did at least one of the general agents with which you had a business relationship organize contests* to boost your firm's sales?

- Yes
- No → Go to question 23

22.2 In 2021, how many general agents with which you had a business relationship organized contests to boost your firm's sales?

|_____|

23 Total compensation can include non-monetary benefits* (i.e., non-financial benefits). In 2021, did you receive any non-monetary benefits from the general agents with which you had a business relationship?

- Yes
- No → Go to question 25.1

24 Please estimate the total value of the non-monetary benefits received in 2021 from the general agents with which you had a business relationship and specify how many general agents provided these benefits.

	Estimated value	Number of general agents
Non-monetary benefits received	\$ _____	_____

Relationship with representatives attached* to the firm

25.1 For each product, of the total compensation you paid directly to representatives attached to the firm in 2021*, what amount or percentage is associated with each of the following compensation categories?

	Life insurance products			Accident and sickness insurance products	All products
	Universal life insurance (excluding investment portion)	Permanent life insurance	Term life insurance	Accident and sickness insurance	Life insurance and accident and sickness insurance
Total compensation	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Commissions	_____ %	_____ %	_____ %	_____ %	_____ %
Overriding commissions	_____ %	_____ %	_____ %	_____ %	_____ %
Salaries*	_____ %	_____ %	_____ %	_____ %	_____ %
Other (specify) _____	_____ %	_____ %	_____ %	_____ %	_____ %
	100%	100%	100%	100%	100%

Please round amounts to the nearest dollar.

25.2 A bonus is an amount of money paid or received in addition to commissions and overriding commissions for the sale of insurance products. If you paid bonuses to representatives attached to the firm for the sale of the above-mentioned products, what amount or what percentage of total compensation do they represent?

\$ _____ or _____ % of total compensation

Go to data matching consent

