Carte Risk Oversight & Supervision Policy for Newly Licensed Advisors

1. Introduction

As a Managing General Agency (MGA), we are committed to ensuring that all newly licensed advisors operate in full compliance with industry regulations, ethical sales practices, and company policies. This document outlines our oversight and supervision framework to guide new advisors toward professional excellence while protecting clients' best interests.

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2. Licensing & Onboarding Process

- **License Verification:** Ensure that all newly contracted advisors hold valid licenses in their respective jurisdictions.
- **Carrier Contracting:** Verify that advisors are properly appointed with insurance carriers before selling any policies.
- **Background Screening:** Conduct regulatory and suitability background checks to ensure compliance with industry standards.
- **Initial Compliance Training:** Require completion of mandatory training, including Anti-Money Laundering (AML) and Know Your Client (KYC) procedures.

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3. Compliance & Regulatory Oversight

- **Sales Practice Monitoring:** Review the first several cases submitted by new advisors to ensure adherence to product suitability standards.
- **Needs-Based Selling Approach:** Ensure that advisors conduct thorough financial needs analyses before making recommendations.
- **Transaction Reviews:** Conduct compliance spot-checks on business submissions to verify documentation accuracy and adherence to guidelines.
- **KYC & AML Policies:** Enforce strict KYC and AML procedures, including transaction monitoring for potential red flags.

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4. Ongoing Training & Development

- **Mentorship Programs:** Pair new advisors with experienced mentors for guidance and professional development.
- **Product & Compliance Training:** Conduct regular sessions on product knowledge, regulatory updates, and ethical sales practices.
- **Continuing Education (CE) Compliance:** Track CE credits and ensure advisors meet their ongoing education requirements.

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5. Client Interaction & Disclosure Oversight

- **Pre-Sale Review:** Require pre-approval or supervision for initial client recommendations by newly licensed advisors.
- **Electronic Communication Monitoring:** Review client-facing digital interactions to ensure compliance with industry best practices.
- **Complaint Handling & Escalation:** Train advisors on proper complaint resolution procedures and provide clear escalation pathways.

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6. Performance Monitoring & Audits

- **Sales Pattern Analysis:** Monitor early sales activity to detect signs of misrepresentation or unsuitable sales.
- **Policy Lapse & Chargeback Tracking:** Identify and address early lapses or chargebacks that may indicate potential concerns.
- **Random File Audits:** Conduct periodic reviews of client files to verify compliance with documentation and disclosure requirements.

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7. Corrective Actions & Enforcement

- **Progressive Disciplinary Actions:** Implement corrective measures for non-compliant behavior, including additional training, probation, or termination.
- **Carrier & Regulatory Reporting:** Report serious compliance violations to insurance carriers and regulatory bodies as required.

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8. Conclusion

This oversight framework ensures that newly licensed advisors receive the proper guidance and support necessary to uphold industry best practices while safeguarding clients' interests. We are dedicated to maintaining a high standard of professionalism, ethical conduct, and regulatory compliance within our organization.

For any questions regarding this policy, please contact the Compliance Department at compliance@cartewm.com