

The Cover Note

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EDITORIAL



Barry F. Lorenzetti

Quebec is going through a difficult time. We are discovering on a daily basis the extent to which we have been duped, stolen from, and/or lied to. Misappropriation of public funds, corrupt civil servants, weak or inexistent procedures and controls, cartels, government inaction, inadequate laws, illegal or unethical political party financing, "fixed" requests for proposals, are routine revelations for Quebecers these days. No wonder taxes are getting higher all the time for both businesses and individuals. Simply sickening. And there is absolutely no doubt our neighbours (east, west and south) are keeping close watch on what is unfolding... There is no saying the ripple effects the Quebec cleaning exercise will have here in Canada and in other countries as well.

Then, there are news about important engineering firms and others as well and the situation keeps getting uglier by the day. We need only

brace ourselves for all the other stories we don't yet know about but that will inevitably surface.

What a sad state of affairs. What a burden to bear for the overwhelming majority of businesses and individuals who are honest and who will suffer because of the stigma associated with a specific industry or profession or with being a provider of any kind to public organizations and governments. History repeats itself. Because of a small group of dishonest people, we will all be suspected or made to jump through hoops when dealing with public organizations and governments. Let's just hope that all the measures implemented as a result of this major cleaning exercise will effectively make a difference.

It turns out that the increase in international anti collusion and anti bribery regulation and policing of the last few years is quite appropriate and timely. Yes, any new rule usually represents an additional cost to achieve compliance but if the rules are actually helping to control bad behavior as opposed to being a make work project – which unfortunately is the case too many times when governments are involved – then, it is worth the

investment.

Man has been around for a while now and for some reason, we seem to forget for long periods at a time that duplicity is a most human activity, always has been and always will be. Why do we choose to ignore human nature and adopt a decidedly optimistic view of the world when having to assess the risk of being duped by our own employees, from any level.

Let this be a teachable moment for all businesses; the horror stories mentioned above could very well happen in your own back-yard given the right circumstances. Too many companies underestimate the damage they could suffer at the hands of their own Directors and employees and their accomplices. And they normally find out too late.

Our main article is a contribution by Gilles Gervais, Vice President and Team Leader from our Montreal office, about BFL's approach to servicing large and international accounts. Marie Farley, Financial security, group-insurance and group-annuity plans Advisor with our Consulting Services division, for her part, provides insight into the designation of a beneficiary. ♦

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RISK MANAGEMENT FOR LARGE AND INTERNATIONAL ORGANIZATIONS - A CONCIERGE APPROACH

QUESTIONS AND ANSWERS WITH GILLES GERVAIS

Vice President and Team Leader

BFL CANADA, Risk and Insurance Inc., Montreal

BFL offers a Concierge Approach to the risk management needs of clients and the leader of this servicing philosophy at BFL is Gilles Gervais, Vice President and Team Leader at our Montreal branch. We sat down with him to find out more about his views on the issue and the difference this approach makes for clients.

Q1: Why have you chosen to be a broker? What motivates you?

I often say, jokingly, that had I been qualified to do so, I could have been a doctor or a priest, because what I like doing most is serving people. I believe being a broker is a calling, it requires the desire to fulfill the needs at hand, those of the client. Being a broker is not about making sales, it is about serving and about being able to negotiate deals that serve the client's best interest.

When I landed a large manufacturing account several years ago, I was told by the client that following an RFP exercise, they had not even considered my competitors, nor any pricing issue in choosing me, because in their eyes, I was the only one who had demonstrated that I truly understood their needs. I was truly honored and humbled. What they said to me was exactly what I had hoped to hear a client say and it gave me immense satisfaction to have understood and delivered. So much so that from then on, I have been focused on reproducing the same experience I had given them with all my clients and prospective clients. I aim to establish an extensive collaboration with the client by working hard to understand their organization and needs, and by being available to them.

I personally get immense satisfaction (feel rewarded) from "getting it right" and when, for example, a client asks you to sign a confidentiality agreement to make you a permanent member of their international due diligence team, you know you are accomplishing what you set out to do.

Q2: What drew you to join BFL and how does BFL support the Concierge Approach?

BFL is committed to the highest service standards, as demonstrated by our 99% client retention rate in 2012, so it was a natural move to join them when I was approached. The firm is always looking for ways to enhance client experience even further, and I have been encouraged and supported in contributing to further refine the firm's processes based on my own experiences.

In addition, BFL's international business portfolio has exploded in recent years and the firm wanted to hire an experienced international broker to its group of international specialists. Since joining, I have been building my own team comprising individuals with knowledge and experience of international business, while continuing to serve my clients diligently. At BFL, we don't believe in promising what we cannot or will not deliver. When you are truly dedicated to providing exceptional collaboration and service, you don't take on new clients unless you are certain that it will not be at the detriment of your existing accounts.

Q3: What makes you passionate about serving large and international clients?

For one, most of these organizations present sometimes complex issues to resolve. However, all of their activities and projects, without exception, require fine analysis and subtlety with respect to risk management and only a close partnership can produce optimal risk management results.

And this is where our Concierge Approach makes all the difference in the world. The needs of these companies, in an ever changing business area, often require innovation on our part and we love thinking outside the box. However, without the close collaboration we establish with them by virtually becoming a member of their team, there is no way we could grasp the issues so effectively and devise appropriate solutions.

Moreover, every brokerage will talk about the Global scene and the services they can provide to international firms. Sadly, very few brokers actually have experience at dealing with international issues in different countries and with various cultures. At BFL, we have teams specializing in international business in our Montreal, Toronto, Calgary and Vancouver offices and these teams are lead by individuals with actual and vast international experience.

Clients may wonder what kind of problems can arise when dealing with an inexperienced broker, here are a few examples:

- Language and culture definitely pose challenges - your broker must take the necessary measures to make sure communications are well understood in each foreign territory. Furthermore, an understanding of the culture of the foreign country is also a must - in certain cultures, there is a tendency to say yes to a demand in order to please, even if the communications or instructions received are not well understood. This could make for


BFL CANADA Risk and Insurance Inc.

45 Westwind Drive
Hammonds Plains, NS B3Z 1K6
Tel: 902-864-4982
Fax: 902-864-0200

2590 Laurier Blvd, Suite TBC 600
Quebec City, QC G1V 4M6
Tel: 418-658-6337
Fax: 418-654-2045

2001 McGill College, Suite 2200
Montreal, QC H3A 1G1
Tel: 514-843-3632
Fax: 514-843-3842

BFL CANADA Risk and Insurance Services Inc.

2685 Queensview Drive, Suite 101
Ottawa, ON K2B 8K2
Tel: 613-722-7798
Fax: 613-722-7829

181 University Avenue, Suite 1605
Toronto, ON M5H 3M7
Tel: 416-599-5530
Fax: 416-599-5458

BFL CANADA Insurance Services Inc.

175 Carlton Street, Suite 205
Winnipeg, MB R3C 3H9
Tel: 204-594-0260
Fax: 204-594-0259

877 Henderson Highway
Winnipeg, MB R2K 2L8
Tel: 204-661-2446
Fax: 204-663-0344

1167 Kensington Crescent NW, Suite 200
Calgary, AB T2N 1X7
Tel: 403-451-4132
Fax: 403-313-3365

5185 South Ridge Drive
Kelowna, BC V1W 4Z4
Tel: 250-575-2327
Fax: 778-477-0011

1177 West Hastings Street, Suite 200
Vancouver, BC V6E 2K3
Tel: 604-669-9600
Fax: 604-683-9316

1-866-688-9888



unpleasant surprises.

- Thorough research of foreign laws is necessary - a cursory review of what foreign local markets permit or require in terms of insurance regulation is often insufficient to ensure the broker has the correct information to avoid putting the client in a difficult situation.
- Solid knowledge of the specs of local insurance products is also essential to avoid coverage pitfalls (territory issues in Africa or products liability issues in California for example).
- The choice of local foreign broker is central of course to the quality of service you will be receiving and your Canadian broker should choose that foreign broker based on your needs and not based on the fact that that foreign brokerage is owned by the same entity as the Canadian broker or part of the same network.

Q4: What differentiates BFL's Concierge Approach in the market?

The difference with our Concierge Approach is that we really mean what we say. We consider ourselves a strategic partner rather than a supplier of services and we adapt to each client's rhythm and operational constraints and WE DO IT! We are accessible, we have the tools required locally and around the world, we are candid with the clients when discussing situations, and we propose a range of solutions.

Surely you've heard before from other brokerages that they like to think themselves a partner rather than a supplier. Some of our clients have in the past, but those promises were never kept. When clients cross over to BFL and our Concierge Approach, they tell us that in their experience, the largest international brokerages are often plagued by red tape, lack of flexibility and/or communication between resources, and offer impersonal client experience, inefficient allocation of resource from the point of view of the client, etc. When approached by one of the largest international brokerages who used to be their service provider, one of our clients told them that what BFL CANADA provides in terms of risk management services is light years ahead of what that brokerage used to provide – this is how we know we make a difference for our clients.

In addition, we firmly believe that as clients evolve, so do their needs. This means, we have to be ready to change the make-up of a servicing team to follow the client's evolution into new spheres or markets, and we do just that as circumstances warrant.

Q5: What are the signs that the Concierge Approach makes a difference for clients?

I have given a couple of example above of the trust clients put in us – that is the ultimate sign that they consider we do make a difference for them. Here are two other examples:

- A couple of years ago, on the large delicate renovation project of a historic building, a client did not even attend certain meetings on site: they knew I would be there working with contactors and insurers and were confident I would handle matters in their best interest without their having to be present – that is trust.
- Another client instructing their operations around the world to treat me as part of their team and not as an external service provider, and to release to me the same confidential information that they all received.

In the end, we accompany clients, guide them, and act as a sounding board to them by way of a close partnership. Clients pay us for services to deal with immediate issues that arise, but also to think ahead on their behalf and pave the way for their future projects. ♦

DESIGNATING A BENEFICIARY

Marie Farley, Financial security, group-insurance and group-annuity plans Advisor
BFL CANADA Consulting Services Inc., Montreal

In our profession, we often have to ask a client to designate a beneficiary. Whether it be in the framework of our role as financial security consultant, where we offer personal products such as life insurance, critical illness insurance and salary insurance or as insurance and group annuities consultant where we advise businesses in regards to their group insurance and pension plan programs.

Designating a beneficiary may prove to be more complex than you would have thought and its importance should not be underestimated. The laws differ greatly depending on the product and the province where you live.

We will therefore address the subject in two segments. In the present newsletter, we will be presenting the designation of a beneficiary in regards to insurance products. In an upcoming newsletter, we will discuss the designation of a beneficiary in regards to pension plans.

Designating a Beneficiary

It is certainly not a topic that you would talk about naturally at the dinner table, but we believe that you should take a moment to think about it.

Besides, have you ever thought about it?

Have you ever had to designate a beneficiary?

If you are enrolled in your employer's group insurance plan, you have already designated a beneficiary for your life insurance at the time of your enrolment in the plan.

So let's go ahead with a few facts:

In Quebec: If you name your spouse (married since 1976, or in civil union since 2002) as beneficiary, your choice is automatically "irrevocable" unless you checked the box "revocable". A divorce judgement pronounced since December 1st, 1982, or the dissolution of a civil union since 2002, has for effect the automatic cancellation of this designation.

Outside Quebec: The beneficiary is irrevocable only if you specifically make it so.

A few Questions and Precisions:

Who can you designate as a revocable or irrevocable beneficiary? Your spouse, your descendants, your ascendants, or any other person.

What is the advantage of naming a revocable beneficiary? You can change the beneficiary at any time.

What is the advantage of naming an irrevocable beneficiary? By designating an irrevocable beneficiary, your insurance policy is non-seizable; this means that your creditors may not have access to it.

Why name a beneficiary? In order to make sure that the insurance amount goes directly to the person you have chosen without going through the succession. If the amounts were moved to the succession, the creditors would have priority and only the remainder would be given to the person that you wish to protect. If you do not wish to indicate anyone as beneficiary or if you only mention the succession, it would be important for you to have a will. In your will, you can then indicate to whom you are bequeathing the insurance amount. You should write in the name and the relationship (father, mother, son, daughter) as well as the contract number in order to avoid any ambiguity.

What happens if you do not designate any beneficiary? The succession is automatically designated and it is always revocable. The amounts are distributed in accordance with the provisions in your will or, in the absence of a will, according to the clauses of the laws in effect. If the holder of the life insurance policy is not the insured, and if you do not name a beneficiary, the holder is the beneficiary. Only the holder of the policy or the enrollee in the case of a group insurance may name a beneficiary or change it (if it is revocable).

What happens if the beneficiary dies before the person insured?

If the person insured is also the policy holder, the amount of insurance will be given to the succession.

If the person insured is not the policy holder, the amount of insurance will be given to the holder.

We therefore suggest that you name a subrogated beneficiary (he/she will replace the deceased beneficiary). If you do not name a subrogated beneficiary, it would be very important to change the beneficiary as soon as possible.

This article aims to raise your awareness in regards to the importance of designating a beneficiary on insurance products. When a death occurs, we should avoid leaving our loved ones with the burden of having to deal with administrative and judiciary intricacies. These few lines will help you see things more clearly or, at least, bring you to reflect upon the subject. Each case can be unique and different, and it is advisable to seek legal advice. As laws may change, it is preferable to be well informed in order to ask the right questions.

Finally, making one's will has never killed anyone. ♦



BFL CANADA Consulting Services Inc.

2590 Laurier Blvd, Suite TBC 600
Quebec City, QC G1V 4M6
Tel: 418-658-6337
Fax: 418-654-2045

2001 McGill College, Suite 2200
Montreal, QC H3A 1G1
Tel: 514-843-3632
Fax: 514-843-3842

181 University Avenue, Suite 1605
Toronto, ON M5H 3M7
Tel: 416-599-5530
Fax: 416-599-5458

1177 West Hastings Street, Suite 200
Vancouver, BC V6E 2K3
Tel: 604-669-9600
Fax: 604-683-9316

1-866-688-9888

Send comments or suggestions to
publications@BFLCANADA.ca

