

Reason Why letter samples

Sample #1 – Life insurance

(Name of client),

Based on my review of your needs and subsequent recommendation, you purchased a 10-year renewable \$250,000 term life insurance policy. The policy is called **[name of policy]** and is issued by **[name of insurer]**.

When we met, you indicated that you and your husband are both young and healthy; you're expecting your first child and just bought a house. You said you're the sole income earner in the family and want an inexpensive option to pay off the mortgage if you die.

This policy meets your needs by providing the coverage you want (\$250,000) in the least expensive way. You could extend the coverage with a longer term but this is more expensive. A 10-year renewable policy means the insurer will continue the coverage for 10 years provided you pay the premium each year.

We also discussed critical illness insurance and you indicated it isn't an immediate priority and will think about it some more. We agreed about this time next year, we will discuss the critical illness issue.

If any of this information about you or your needs is not correct, please let me know right away. If you have any questions about the policy, please don't hesitate to ask me now or at any time in the future. You should also keep this letter with your personal papers as a reminder of why you purchased the policy.

Sincerely,

(Name of advisor)

Sample #2 – Segregated funds

(Name of client),

Based on my review of your needs and subsequent recommendation, you purchased a **[name of insurer]** segregated fund (Canadian Equity) for \$100,000. When we met, you indicated you wanted to invest in the equity market but didn't feel comfortable with the risk that goes with investing in mutual funds. Instead, you said you wanted to put your money in a segregated fund.

This segregated fund product you purchased has the basic (75%) death and maturity guarantees and this means the most you can lose is 25% of your investment. This guarantee applies if you keep your money invested in the contract until it matures or you die. As we discussed, if you need to withdraw money before then and the market value is down, the value of your investment will be down by the same amount.

This contract has different fee options. You selected the no-load option because you wanted all your money invested up front and thought you might want to withdraw some of your money in the short term.

If any of this information about you or your needs is not correct, please let me know right away. If you have any questions about the policy or your investments, please don't hesitate to ask me now or at any time in the future. You should also keep this letter with your personal papers as a reminder of why you purchased the policy.

Sincerely,

(Name of advisor)

Sample #3 – Term life – coverage recommendation not fully implemented

(Name of client),

Based on my review of your needs and subsequent recommendation, you purchased a \$500,000 20-year renewable term life insurance policy. The policy is called [**name of policy**] and is issued by [**name of insurer**].

When we met, you indicated you would like an insurance policy to replace income in the event of death of you or spouse. To replace your combined income the need identified was \$750,000.

Based on your ability to afford the policy premium payments, you decided to decrease the coverage to \$500,000 which only partially meets the need identified (\$750,000).

If any of this information about you or your needs is not correct, please let me know right away. If you have any questions about the policy, please don't hesitate to ask me now or at any time in the future. You should also keep this letter with your personal papers as a reminder of why you purchased the policy.

Sincerely,

(Name of advisor)

Sample #4 – Term life – client directive

(Name of client),

On your request, I have submitted an application for [**name of policy**] with [**name of insurer**]. This 20-year term policy for \$500,000 corresponds to the term and amount of your mortgage.

As your bank requires, the policy is collaterally assigned to [**name of bank**]. If you die and the death benefit is greater than the amount owing on your mortgage, the difference will go to the beneficiary you named.

If any of this information about you or your needs is not correct, please let me know right away. If you have any questions about the policy, please don't hesitate to ask me now or at any time in the future. You should also keep this letter with your personal papers as a reminder of why you purchased the policy.

Sincerely,

(Name of advisor)