



Policy Title: Agent Oversight

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I. Policy Statement

It is the policy of our agencies to maintain strict and complete compliance with all laws and regulations that address the products we sell. This includes any and all Federal laws and regulations as well as any and all State laws and regulations. Furthermore, it is our intention to fully support and comply with any specific Company policies and guidelines as they relate to representing the Company and/or the products we represent on their behalf.

As a company, we will make every effort to ensure that all agents working under our hierarchy are aware of, and in complete compliance with, all applicable Federal, State, and Company laws, regulations, and policies.

Any employee who becomes aware of, or has reasonable suspicion, of any violation or deviance from this policy is required to report that knowledge or suspicion to their supervisor immediately.

Failure to comply with this policy will result in disciplinary action up to and including termination of employment.

II. Policy Purpose (Scope)

GarityAdvantage Agencies recognize the need and obligation to ensure that all agents working under our hierarchy are aware of, and in complete compliance with, all applicable Federal, State, and Company laws, regulations, and policies.

III. Policy Definitions

Agent

Individual licensed by the State, contracted by the insurer, and certified in accordance within applicable guidelines to offer certain insurance products to residents of the state in which they are licensed.

Hierarchy

A channel through which an agent contracts with an insurer.

CMS

Centers for Medicare and Medicaid Services is a federal agency with administrative regulatory authority over the Medicare Program.

Complaint

An allegation of misconduct brought by either, CMS, the State Division of Insurance, or the Insurance Carrier.

IV. Policy Provisions and Exhibits (Procedure)

1. Management and Accountability

- 1.1 Every individual who conducts business on or behalf of Garity Advantage Agencies is responsible for understanding and complying with applicable laws and regulations that govern market conduct, including but not limited to, marketing and sales.
- 1.2 Each manager Garity Advantage Agencies is responsible for monitoring and ensuring compliance with this Policy by the business operations for which the manager is responsible, and for ensuring that this Policy reinforced to all employees, contract workers, temporary staff, and others who report directly to or up through the manager.
- 1.3 Garity Advantage Agencies is responsible for monitoring the actions and conduct of agents in its hierarchy to make sure they are acting in a compliant and responsible way.

2. Communication

- 2.1 Garity Advantage Agencies will ensure that every agent within its hierarchy is properly licensed and certified to represent and sell those products in the applicable year.
- 2.2 Garity Advantage Agencies will work, in partnership with each insurer, to provide complete and comprehensive training regarding the insurer's Market Conduct Guidelines, CMS Marketing Guidelines, and Product Training Programs.
- 2.3 Garity Advantage Agencies will support each insurer's efforts to communicate with the agents via live training meetings, email, webex, or other means, as they become available.
- 2.4 Garity Advantage Agencies will utilize a combination of email, webinars and its company website (garityadvantage.com) to communication any changes in regulations, policies, procedures, as well as provide best practices information for Marketing licensed products.

3. Agent Conduct

- 3.1 GarityAdvantage Agencies expects that all agents contracted through us conduct their business in accordance with State and Federal Regulations as well as in accordance with the requirements of our carrier partners. We also encourage them to incorporate commonly recognized “best practices” of our industry, and for business in general. Given that the Medicare Advantage and Medicare Prescription Drug plans operate under specific rules and regulations issued by CMS, GarityAdvantage Agencies requires the following from all of our contracted agents:
- 3.2 All agents must be familiar with the Medicare Marketing Guidelines, which are issued on, or about June of each year, as it relates to broker conduct. GarityAdvantage will post these regulations on our website each year when they become available for our agents to access and review.
- 3.3 All generic marketing materials must be submitted to GarityAdvantage for review prior to use. This includes but, is not limited to, marketing letters, powerpoint presentations, advertisements, and any other general promotional items. The GarityAdvantage Compliance Department will review these materials for obvious violations using guidance provided by our carrier partners and CMS regulations. We will not “approve” these materials but, will point out obvious violations, if any.
- 3.4 Agents must avoid giving the impression that they represent CMS, Medicare, or any government agency.
- 3.5 Agents must use CMS approved and carrier provided marketing materials when promoting any Sales Event.
- 3.6 All Sales Events and Educational Events must be filed with CMS within the prescribed time frame. Please submit Sales Events and Educational Events materials to Garity Compliance staff and to carrier before they are submitted to CMS.
- 3.7 Agents must obtain “permission to contact” before calling, emailing, or otherwise approaching any prospective lead, including referrals.
- 3.8 Agents must follow CMS guidelines as they relate to lead generation. Agents are responsible for the actions of third party vendors, who they contract with to generate leads. Generic BRC mailers must also be submitted for review prior to use.
- 3.9 Agents must be aware of, and comply with regulations regarding Scope of Appointment. Where required, SOA’s must be submitted to the carrier. SOA’s must be retained by the agent and available upon future request.
- 3.10 Agents must only use and always use specific carrier provided and CMS approved Sales Materials whenever giving a Sales Presentation whether one-on-one or in a Community Meeting Sales Event.

4. New Business submissions

- 4.1 GarityAdvantage Agencies New Business Department is required to review, process, and submit to the appropriate insurance carrier all new Medicare Advantage and Medicare PDP applications within carrier guidelines. Applications that are: unsigned by either the client or agent, incomplete

missing necessary information, selecting incorrect election codes or plan selection will be referred to the New Business Supervisor for follow-up with the writing agent. The New Business Supervisor will review such submissions with the Compliance Committee at their monthly meeting.

- 4.2 Garity Advantage Agencies will routinely examine new business submissions for any sign of non-compliance. New Business Processors are instructed to follow established procedures handling applications containing irregularities (see Sec. 3.1.) Irregularities include, but are not limited to, applications submitted beyond the allowed time from the signature date, applications that are consistently incomplete, applications with erroneous election periods. Failure by the agent to comply should be reported to the Sales Manager for corrective action. Corrective action may include additional one-on-one training, mentoring, and/or in the most severe cases, termination of contract to sell.
- 4.3 Garity Advantage Agencies Territory Managers and Sales Managers are required to follow-up directly with agents who are submitting applications in a non-compliant manner.

5. Complaints

- 5.1 Garity Advantage Agencies will follow and reinforce established procedures as they relate to complaints.
- 5.2 Any complaints regarding agent conduct in the course of representing products marketed by Garity Advantage Agencies are to be brought to the immediate attention of the Compliance Officer.
- 5.3 An electronic file is to be created within the applicable agents file. The file folder should be labeled in the name of the beneficiary on whose behalf the complaint is being made. All correspondence regarding this complaint is to be kept in that folder.
- 5.4 An outbound email will be sent to the agent informing the agent that a complaint has been received and this complaint must be responded to by the specific date requested by the insurer. Also included is a reminder that the agent is not allowed to contact the beneficiary, in any way, while this investigation is ongoing. A follow-up phone call is to be made to the agent if he/she has not acknowledged receipt of the email.
- 5.5 Agents are requested to submit their responses to our office, unless specific insurer rules dictate otherwise. This will enable us to ensure that their responses completely address all questions from the compliance investigator and minimize that need for follow-up. This will also ensure that the responses are returned to the Compliance Department within the required time frame. In instances where an insurer requires an agent to respond directly to their Compliance Department, agents are requested to CC GarityAdvantage Agencies with their response.
- 5.6 If a response is not returned to us by the day prior to the required response date, an outbound call will be made to the agent, requesting they respond immediately.
- 5.7 The GarityAdvantage Compliance Committee will review individual complaint status and the number and nature of complaints received, on a monthly

basis. Depending on the nature of the complaint, the Compliance Officer may take the following actions: Minor issues will result in a call to the broker to discuss the issue and provide corrective counseling. Repeated infractions will result in face to face re-training which may include "ride alongs." More serious issues may result in ongoing counseling, face to face training and possible termination of the broker contract.

- 5.8 Garity Advantage Agencies will notify the insurer immediately of any complaints received directly from any regulatory agency.

6. Monitoring and Enforcement

- 6.1 When data is provided by individual insurers, we will use such data to track identifiable trends as they relate to: late application submissions, rapid disenrollment, and OEV infractions. Individual brokers or downline hierarchies who demonstrate negative trends in any of the categories will be contacted by the Sales Manager to address these concerns and work toward prompt compliance.
- 6.2 The Garity Advantage Compliance Committee meets multiple times per year to review our Compliance Program. Reports from the New Business Department (as well as from the carriers, if available) regarding Late Application submissions, poor application quality and, other enrollment irregularities will be reviewed and, if necessary, a remedial action plan will be developed and implemented.
- 6.3 Every employee is responsible for compliance with agent oversight, as well as for promptly raising any concerns about possible violations of this Policy. If you are aware of a situation that you believe may be in violation of this Policy or otherwise unlawful, you should immediately contact your manager or the Compliance Officer.
- 6.4 The Compliance Officer or, at his direction, Sales Manager will be responsible for investigating potential violations. This will include direct communication with the hierarchy or individual broker in question. In cases where serious, ongoing compliance violations are alleged, this will result in an "on-site" visit by the Compliance Officer to determine the proper course of action. Situations that do not result in immediate corrective action will be immediately reported to the appropriate insurers Compliance Department and disciplinary action up to and including termination of contract may be imposed.
- 6.5 Garity Advantage Agencies will promptly report any incidents of non-compliance with this Policy and its supporting guidelines to both the Legal Department and the appropriate carrier Compliance Department.
- 6.6 Garity Advantage Agencies will review controls relevant to the implementation of this Policy for their effectiveness.
- 6.7 Garity Advantage Agencies management will address agent complaints following an established process as outlined in Sec. 4.
- 6.8 Employees Garity Advantage Agencies who are aware of, or suspicious of, an agent's misconduct and fail to report it will be considered to be in violation of this policy and be subject to discipline. Discipline may include warnings, suspension with or without pay, and/or termination. The discipline to be

applied in an individual case will be reviewed at a senior management level to ensure that consequences are appropriate.

7. Agency Oversight

7.1 Annually Garity will send attestation to downline agencies who have business operations that support non agent employees to attest that they are following CMS, Federal and State guidelines as it relates to the sale of Medicare products.

7.2 Garity will follow up with agencies to ensure that responses are received prior to the year end.

7.3 Garity will assist agencies in completing any process that are not fully functional (Work in Process) prior to the next attestation period.

7.4 Garity will provide educational materials related to changes to the CMS guidelines for the upcoming year in this attestation process.

7.5 Garity will review the list of agencies included in the attestation annually and add any applicable agencies to the list receiving the attestation.