



Insurance Agents e-Newsletter

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The Insurance Agents e-Newsletter provides updates to insurance agents on the regulatory activities of the Financial Services Commission of Ontario (FSCO).

The newsletter is produced and distributed by FSCO.

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FSCO has joined with Canada's other insurance regulators through the Canadian Insurance Services Regulatory Organizations (CISRO) to streamline and update the requirements for licensing new life insurance agents.

This initiative involves replacing two old standards with one common standard. To keep agents and other stakeholders informed about this initiative and to correct misconceptions circulating in the industry, Ron Fullan, CISRO Chair, shares this update.

To LLQP Stakeholders

As you may be aware, Canadian insurance regulators, working together through the Canadian Insurance Services Regulatory Organizations (CISRO) are in the process of updating the Life Licence Qualification Program (LLQP) to ensure that it remains an effective entry level qualification program for individuals entering the life insurance industry in Canada. The 13-jurisdiction membership of CISRO, through their individual authorities to set educational requirements for their jurisdictions, have launched this national harmonization initiative.

A Truly National Program

Currently there is one Curriculum Design Document that is the basis of the entrance course and exam in all common law jurisdictions. There are some differences in exam questions between jurisdictions. Quebec has its own life qualification program which is based on a Curriculum Design Document that is very similar to the one used in the common law provinces.



The revised LLQP will include all jurisdictions across Canada in a single life qualification program in line with the requirements of the Agreement on Internal Trade. The project is integrating the best elements of the current LLQP and Quebec programs to evolve the LLQP into a program that is consistent throughout Canada. Changes for Quebec candidates will include the implementation of a mandatory pre-examination course, merging of group insurance and taxation into product specific modules, and elimination of their educational prerequisite. Candidates in other jurisdictions will see a new open-book modular examination and course material developed under the direction of the CISRO membership that will ensure consistency among course providers. The course will be delivered by independent certified course providers in all jurisdictions.

An Effective Governance Model

The full membership of CISRO will be responsible for all key decisions on maintaining and safeguarding the integrity of the program. A Governance Committee, made up of representatives from several jurisdictions, will be responsible for the day to day operation of the LLQP, including addressing stakeholder questions and concerns. The inaugural Governance Committee which will oversee the update project is made up of representatives from British Columbia, Alberta, Saskatchewan, Ontario, Quebec and New Brunswick.

A Properly Funded Program

The updated LLQP includes a user pay funding mechanism to cover ongoing maintenance of the program. This will significantly reduce the risk to the program and ensure its long term integrity. The development costs relating to this project will be incurred by future applicants taking an LLQP course. This differs from the original implementation of the LLQP in 2002, where the costs were born by the licensees in three jurisdictions only. Overall, a single program for all jurisdictions will greatly increase the cost efficiency compared to trying to maintain separate programs. The costs will be reasonable compared to the cost to candidates for other financial industries in Canada. While the exact amount is not yet known, it will not exceed \$140 per candidate.

Program Experts

The program will involve the services of two distinct sets of experts, both of whom will be acting under the direction of the LLQP Governance Committee.

- **Educational Experts** – CISRO members chose to take advantage of the educational expertise that exists within its membership. The educational team at the Autorité des marchés financiers (AMF) is acting as the Educational Development Experts for the project. They will be responsible for, among other things, the creation and maintenance of the Curriculum, standardized course material, the exam question database and exam.
- **Subject Matter Experts** – CISRO members have also engaged Subject Matter Experts from the insurance industry in all parts of Canada to participate in the design, drafting and review of the Curriculum, course material and exam questions. Drawing Subject Matter Experts who are active agents or trainers helps to ensure that the LLQP remains relevant to professional practice.

Standardized Course Material

CISRO members, with the assistance of the Education Experts and the Subject Matter Experts, will create standardized course material. This ensures that the terminology used in the course

material and on the examination will be consistent. Standardized course material also fulfills an important consumer protection need, as it defines the minimum breadth of knowledge required by regulators for a new licensee, rather than having that minimum standard determined by others. Current exam results by course provider indicate that there is a wide variance in the quality of exam preparation. Current exam first time pass rates range from a low of 62% to a high of 95+%. The course material will also provide licensed agents with a resource for their practice. Course providers may augment the course material through such things as study guides and practice exams.

A New Exam Format

The exam will test a candidate's knowledge and understanding of the key aspects that an agent is expected to know to enter the industry. As the exam is modular, candidates will be required to demonstrate that they are proficient in each of the identified areas of the life insurance industry. The proposed modules are as follows:

- **Life Insurance** – Individual and Group, including tax issues related to Life Insurance products
- **Accident & Sickness Insurance** – Individual and Group, including tax issues related to Accident & Sickness Insurance products
- **Segregated Funds and Annuities** – including tax issues related to Segregated Funds and Annuities
- **Ethics and Professional Practice** – This module will have two versions, one for Common Law and one for Civil Code.

The modular exam will enhance the protection of consumers by ensuring that an agent demonstrates competency in each area. As the exam is an open book exam, it will be more reflective of the reality of an agent's practice.

The modular exam will benefit students as well, allowing them to focus their study efforts for the initial exam, as well as any modular rewrites. CISRO members see this change as a significant benefit to applicants. Instead of having to sit a four hour exam with no breaks, applicants will now benefit from breaks during the exam and the modular format will allow students to tailor their exam experience. In addition, if an applicant is not successful on one module, the applicant only needs to re-write that section, and not the whole exam. Development of the exam questions will be the last step in the project. That work is scheduled to begin in early 2015.

Stakeholder Consultation

CISRO has engaged in significant consultation with stakeholders. The project commenced with in person Occupational Analysis Workshops involving over 80 agents from across the

country. Online stakeholder surveys were conducted for drafts of the Competency Profile and the Curriculum. As indicated above, stakeholders have also provided expertise as Subject Matter Experts.

CISRO is very pleased with the level of stakeholder engagement and the project has truly benefited from the input obtained through this extensive consultation process. As examples, stakeholder input has resulted in changes to the method of distribution of course material, the approach to teaching and testing tax related concepts, and the timing of implementation. CISRO is optimistic that this engagement will continue in the remaining phases of the project.

Implementation

The implementation date for the updated LLQP is January 1, 2016. Course material is expected to be ready for distribution to course providers in the first quarter of 2015.

CISRO would like to thank all stakeholders for their input in this important project. Together we are ensuring the long term integrity of the program and enhancing consumer protection.

The [CISRO website](#) is regularly updated in order to provide access to key program analyses, documents, and forms, such as survey results, the Curriculum, and the request for access to detailed plans. Please visit the Publications and Initiatives pages periodically in order to stay informed about the latest developments in the implementation of the updated LLQP.

Sincerely,

Ron Fullan

Chair, Canadian Insurance Services Regulatory Organizations (CISRO)

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