CCIR

Canadian
Council of
Insurance
Regulators

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April 18, 2002

To Stakeholders in the Life Licence Qualification Program:

Canadian regulators have been working together, along with the various stakeholders in the life insurance industry, to harmonize and update the standards for life insurance agent proficiency for nearly three years. The new standards that have been developed through this process are known as the Life Licence Qualification Program or LLQP, and involve the completion of a mandatory pre-licensing course, an examination and a one-step licensing system. This work is drawing to completion.

In most provinces and territories, regulators have agreed to introduce the LLQP course and examination to the market on an optional basis to start. They will begin accepting the completion of the LLQP course and examination as an optional equivalency for the existing Level I and Level II examinations effective June 1, 2002. In discussions with insurance industry associations, regulators agreed that the LLQP would be optional for a period of not less than 90 days. This minimum period of 90 days would commence on June 1, 2002. Regulators are currently working to have regulations or bylaws put into place where they are required. Governments will decide whether and when to make regulation changes.

This optional equivalency period will provide the insurance industry an opportunity to gain experience with the LLQP course and examination and to share those experiences with regulators.

Regulators will publish the names of course providers as their courses become available. The courses are provided commercially, and course fees will be set by the course providers. The LLQP examination will be made available for people successfully completing these courses. Examination arrangements will continue to be determined by each regulator. Each will publish details of their own arrangements by June 1. Each jurisdiction will continue to determine the fees charged for any services it performs.

During the optional equivalency period, the role of Committee to Co-ordinate Implementation of the LLQP (Co-ordinating Committee) will come to an end and a transition will occur to a new committee to be known as the LLQP Integrity Committee. The LLQP Integrity Committee will be responsible for the ongoing development and maintenance of the examination question database and advise on operational matters related to the examination process. This committee will be comprised of industry representatives selected by regulators for their knowledge and ability to maintain confidentiality of the examination.

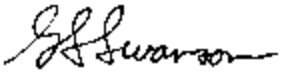
The regulators also extend an invitation to the Canadian insurance industry to form a committee to provide advice on the impacts of the LLQP and any operational concerns related to LLQP. Individuals, companies or associations who wish to be

part of an industry advisory committee should notify the Chair of the Co-ordinating Committee, who in turn will put them into contact with each other so that they can form a committee. This Committee will provide its advice to the Canadian Insurance Services Regulatory Organizations and the Canadian Council of Insurance Regulators for their consideration.

Further details describing the LLQP will be provided on the CCIR website (www.ccir-ccrra.org).

Questions can be posed by email to the CCIR at the following address LLQP@fsco.gov.on.ca and the questions and answers will be posted on the CCIR web site. Questions related to specific jurisdictions can be posed directly to the applicable province or territory. See the CCIR website for links to CCIR and CISRO members.

The Co-ordinating Committee wishes to thank all members of the Canadian insurance industry for their input in the development of the LLQP. We are confident that this program will serve to enhance the training and proficiency standards of new life insurance agents across Canada



Grant Swanson
Chair,
Committee to Co-ordinate Implementation of the LLQP

cc: CCIR members
CISRO members

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Questions and Answers for Stakeholder Letter

This document is provided to answer general questions related to the introduction of the LLQP examination and course as an optional equivalency to existing examination requirements.

1 What is the optional equivalency?

- Equivalency is a way for regulators to give those seeking a licence, recognition for a course or courses already taken.

- During a minimum 90 day transition period leading to the introduction of the LLQP, regulators will offer individuals who are looking to obtain a life licence, the choice of completing the LLQP course and examination or the existing Level I and Level II examinations. Regulators will accept the LLQP course and examination as equivalent to the Level I and Level II examinations. The following jurisdictions have indicated an intention to accept the LLQP course as an equivalency - Newfoundland, Prince Edward Island, Nova Scotia, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Northwest Territories and Nunavut. New Brunswick will accept a restricted LLQP course at such time that one is available in both English and French.

- In those jurisdiction where there is one level of licence, regulators will advise on the effect of completing the LLQP course and exam.

- Regulators in some jurisdictions will accept the restricted LLQP course and examination as an equivalency to Level I. The following jurisdictions have indicated an intention to accept the restricted LLQP course as an equivalency - Newfoundland, Prince Edward Island, Nova Scotia, Ontario, Manitoba, Saskatchewan, Alberta, Northwest Territories and Nunavut. New Brunswick will accept a restricted LLQP course at such time that one is available in both english and french.

2 What is the LLQP?

- The LLQP is an entry level proficiency standard for new life agents and a one-step system of licensing.

- Agents who want to increase their knowledge beyond the entry level, should check with industry associations and educators about other additional courses.

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3 What is the restricted LLQP course and examination?

- The restricted LLQP course and examination is a transition option, that will apply for the first four years once the LLQP becomes mandatory.

- At such time as the LLQP becomes mandatory, the restricted LLQP course and examination would result in the issuance of a restricted licence once the agent completes a designated portion of the LLQP course and an associated examination. There will be restrictions placed on the agent's licence.

- Some regulators are prepared to accept now this limited course content and examination as an optional equivalency to the Level I examination. The restrictions applicable to a licence under the LLQP system do not apply to Level I licences.

4 How does the optional equivalency differ from the LLQP?

- The optional equivalency provides agents with the voluntary choice of the LLQP examination and course as options to the existing Level I and Level II examinations. It does not replace the current system of licensing.

- As noted in point 3, the LLQP includes an option for a restricted licence during a four year transition period. The optional equivalency does not involve the issuance of restricted licences.

5 How do I find out about these courses?

- A description of the course curriculum for both the LLQP and restricted LLQP will be posted on the CCIR website.

- Local information about course providers can be obtained from the applicable regulator.

- The cost of courses is set by the course providers and such cost information can be obtained from the course providers.

6 Will the LLQP course and examination or restricted LLQP course and examination replace the existing requirements?

- Regulators are working towards replacing the existing requirements by way of the LLQP course and examination. Regulation or by-law changes are required in many jurisdictions for these changes to occur. Governments will decide whether to make regulation changes.

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- Regulators intend to make a restricted LLQP course and examination available during a transitional period.

7 Why are regulators providing this option now?

- Introducing the LLQP on an optional basis will give the industry an opportunity to obtain experience with the course materials and the exam and permit, if necessary, fine tuning of the program.
- By granting optional equivalency, regulators are enabling prospective agents to obtain the benefits of the LLQP as soon as the LLQP is available.

8 What are the benefits of taking the LLQP option?

- The LLQP is a practical course based on the real life experience of life insurance practitioners.
- Agents taking the LLQP option will be knowledgeable in the products and services relevant to the current marketplace.
- The LLQP is designed as a common standard in all provinces, except Quebec, and will make it easier for agents who work in more than one province and need non-resident licences

9 How was the LLQP curriculum designed and examination developed?

- Agents and company staff assisted in the development of the course subject matter.
- Educational and statistical consultants were involved in various aspects of course design and exam validation.
- There was extensive consultation with the industry and modifications were made as a result.
- There was pilot testing of the examination with approximately 300 volunteers.

10 When will the LLQP program become mandatory?

- This is not an announcement about mandatory implementation of the LLQP. Each jurisdiction will make announcements at such time that regulations and bylaws are in place. A mandatory date has not been finalized.

- Regulators have co-ordinated and harmonized the implementation of the optional equivalency component. However, the decision to adopt the program is made provincially and territorially and may require by-laws and regulation changes.

- Regulators have agreed with the industry that there be an optional period of not less than 90 days before the LLQP becomes mandatory for new agents.

11 How does the LLQP differ from the existing requirement to qualify for a life agent's licence?

- The LLQP differs in the following ways.

    - The LLQP requires taking a course and passing an exam
    - The exam is focussed on demonstrating that the new agent is able to apply knowledge rather than simply recollect facts.
    - The LLQP material is based on current products and services and on the skills identified by industry and regulators as required for new agents.

12 Is there sponsorship in the LLQP optional equivalency?

- There is no change in the current sponsorship requirements.

13 How will I find details about the LLQP examination?

- Sample questions will be posted on the CCIR website.

- The initial pass score will be set at 60%.

- Regulators in each jurisdiction will publish details of the schedule for examinations closer to the time that examinations will be offered.

14 Will the LLQP affect currently licensed agents when it is implemented?

- The LLQP course, examination and one-step licence are components of the entry level standard for new agents starting after the date of implementation in a jurisdiction.

- There will be grandfather arrangements for existing agents. Each jurisdiction will provide details on grandfather provisions when they make the program mandatory.

- When the LLQP is implemented, existing Level I agents who are required to progress to Level II will still be required to meet this requirement.

15 How can I find out more about the LLQP program?

- Information will be posted to the CCIR (www.ccir-ccrra.org) website.

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