CCIR Canadian Council of Insurance Regulators

CISRO Canadian Insurance Services Regulatory Organizations

May 23, 2003

Dear Stakeholder:

On behalf of the members of the Canadian Council of Insurance Regulators (CCIR) and the Canadian Insurance Services Regulatory Organizations (CISRO), I would like to take an opportunity to update you on the Life License Qualification Program (LLQP).

The LLQP is a standard for prospective life insurance agents entering the business and includes a mandatory pre-licensing course provided by commercial course providers, an examination, and a single licence. The LLQP was developed by industry subject matter experts (agents and company staff) who were assisted by educational and statistical consultants to organize the material into a course.

This program supports the efforts of CCIR and CISRO to harmonize requirements across Canada. The LLQP enables all agents in Canada to meet the same proficiency standards and have the same form of licence. This will facilitate doing business across Canada and agents moving between provinces. Moreover, consumers will receive the same level of proficiency and protection, regardless of where they live.

In January 2003, the LLQP was implemented, on a mandatory basis, in most Canadian jurisdictions. The LLQP will be in place in New Brunswick very shortly. Quebec, already has a similar program with more rigorous requirements. Some jurisdictions have also adopted a four year transition period when a restricted licence will be offered along with the full LLQP licence. The restricted licence will be granted upon completion of a designated portion of the course work and associated examination and an agreement to abide by certain conditions. This option was made available to assist the industry to make adjustments from the current system to the LLQP.

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Both CCIR and CISRO believe that the transition to the LLQP has been smooth. In large part, this is due to the active involvement of the industry in this initiative. As regulators, we believe that the on-going exchange with the industry has been, to a significant degree, responsible for the success of this program to date.

For example, across Canada, the pass rate for the full examination is 78% and 58% for the restricted license examination. This exceeds the pass rate under the previous examination. This success speaks to the importance of the pre-licensing course. To date, in addition to some insurance companies offering courses, there are five commercial course providers:

- Canadian Securities Institute (CSI)
- Financial Advisors Association of Canada (Advocis) (formerly known as CAIFA) / Foran
- Ment-r com / Learning Library
- Peel Institute of Applied Finance (Peel) / Investment Funds Institute of Canada (IFIC)
- Seneca College / Con*nect .

As you may know, The Brondesbury Group recently completed a comprehensive review of the Life License Qualification (LLQP) examination. We are pleased that the consultant has concluded that the examination is both a good one, and that it is reliable. The analysis was thorough, and included both a content and statistical review. A number of recommendations to fine tune the exam have been presented. From our perspective, such fine tuning is to be expected upon the introduction of a new program and thus we anticipate that a number of these recommendations will be implemented. Exactly which recommendations and in what manner they will be implemented will be decided once we have had the opportunity to review them more closely. We will be discussing any changes with interested parties in greater detail shortly. The report is available on the CCIR website (www.ccir-ccrra.org).

In the meantime, we intend to continue our dialogue with stakeholders as a means of ensuring that the LLQP continues to meet its objectives.

Yours truly,

Original signed by

Catherine Smith
Chair, LLQP Integrity Committee
and
Superintendent of Financial Institutions, Nova Scotia