CCIR

CISRO Canadian Insurance Services Regulatory Organizations

June 09, 2006

Dear *xxxx*:

The Canadian Council of Insurance Regulators (CCIR) and the Canadian Insurance Services Regulatory Organizations (CISRO) are pleased to announce the adoption of a reliance model of reciprocal licensing for the insurance agent/broker licensing system in Canada effective July 4, 2006. The model states that *a host jurisdiction relies on most of the requirements of the agent's or broker's home jurisdiction, but could request that the agent or broker meet further requirements specific to the host jurisdiction.*

Canadian Council of Insurance Regulators

Conseil canadien des responsables de la réglementation d'assurance

We believe that this model will serve as a further step towards promoting increased harmonization in provincial and territorial insurance. As you are aware, the CCIR and CISRO Reciprocal Licensing Standards Committee worked with the insurance industry through extensive consultations and meetings to develop the model. We thank you again for your input and support.

The reliance model incorporates greater harmonization for agent and broker application forms, continuing education requirements and errors and omissions insurance for agents and brokers. It is intended to harmonize the requirements faced by agents and brokers who are licensed or want to be licensed in multiple jurisdictions and by insurance companies with agents in multiple jurisdictions. The model is not intended to require jurisdictions to introduce any additional licensing requirements where they do not currently exist.

The application forms were introduced into use in the fall of 2005 and are available on the CCIR website at www.ccir-ccrra.org. The harmonized application forms for licensing life and general insurance agents and brokers can be used by a licensed individual applying to be registered as a non-resident agent or broker in another jurisdiction. Ontario and Prince Edward Island will also accept the applications from resident applicants applying to become agents or brokers. Yukon, Northwest Territories and Nunavut are unable to accept the applications until a regulation change is made.

Currently, six Canadian jurisdictions require their agents and brokers to secure continuing education credits. Under the agreement, Alberta, Saskatchewan, Ontario and the Chamber that administers CE for general agents and brokers in Quebec have agreed to not impose any further CE requirements on a non-resident agent or broker who has met CE requirements in their home Canadian jurisdiction as long as that jurisdiction requires CE. British Columbia, Manitoba and the Chamber that administers CE for life insurance agents in Quebec intend to provide equivalency for CE credits taken in another jurisdiction. However, agents and brokers will be required to make up any difference in the number of hours between their home

jurisdiction and the host jurisdiction to maintain a licence in British Columbia or Manitoba or a life agent licence in Quebec.

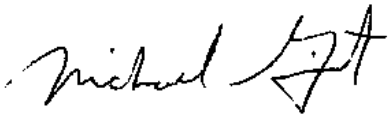
With regard to errors and omissions insurance, the proposal is that jurisdictions that currently limit the maximum policy deductible, will accept a policy where the first dollar of any claim is to be paid directly to the claimant to be equivalent to a zero deductible. Ontario (applicable to life agents), Quebec and Newfoundland and Labrador are the three jurisdictions that currently limit the size of the policy deductible. Although Ontario and Newfoundland and Labrador are able to adopt this approach, Quebec requires a regulation change before it can be implemented. The committee feels that this approach will allow insurers greater underwriting flexibility and could potentially entice additional insurers into the market.

In meetings with the insurance industry, insurance regulators agreed to undertake projects aimed at increasing harmonization amongst jurisdictions. We feel that this project is positive step in this direction and look forward to initiating further projects with the industry.

If you wish any further information on the Reciprocal Licensing project, please contact the Reciprocal Licensing Standards Committee care of:

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Yours sincerely,



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