

Agenda Item 4(a)
March 24, 2015 EOC Meeting

Regulator Meeting: Supplementary Notes

Regulator: Canadian Insurance Services Regulatory Organisations (CISRO) LLQP Committee
Date: February 27, 2015
Location: Financial Services Commission of Ontario, 5160 Yonge St., 16th Floor Boardroom
Purpose: LLQP Stakeholder Information Session

**Implementation Next Steps In 2015 Through To Launch of
New, Nationally Harmonized LLQP On January 1/16**

Winter 2015

- finalize course provider recognition and roll out
- overall table of contents of new LLQP to be made available in March 2015

Spring 2015

- complete drafting of exam questions and review
- all four modules in new LLQP to be available by end of March 2015, as planned

Summer 2015

- further stakeholder meetings to be scheduled for June and September

Fall 2015

- Transitional mechanisms leading to cut-over to new LLQP put in place

January 1, 2016

- New, nationally harmonized LLQP launched

Registration Cost For New LLQP

While the registration cost for the new LLQP cannot be precisely determined at this time – due to the fact that the LLQP Governance Committee has determined that the program itself will bear all defence costs of legal actions against it – CISRO is confident that the cost will be up to \$140 per registrant, for one sitting of each of the four modular exams, but could be well below that amount.



LLQP Stakeholder Meeting

Toronto, February 27, 2015

Agenda

- Milestones and next steps
- Course Provider Recognition and roll-out of exam preparation material
- License fee
- Exam validity control mechanisms
- Transition proposal for feedback

Milestones

2012

- OAWs
- 83 SMEs

2013

- Competency Profile
- Curriculum drafting and review
 - 42 SMEs

2014/2015

- Publication of Curriculum
- Exam prep. material drafting and review
 - 35 SMEs
- CP recognition docs drafting

Next steps - 2015

Winter

- CP recognition docs roll-out
- CP recognition
- Stakeholder meeting
- Exam prep. material roll-out

Spring

- Exam questions drafting and review
 - 30 SMEs (1st wave)
- Stakeholder meeting (TBC)

Summer/Fall

- Sample exam questions
- Stakeholder meeting (TBC)

Jan. 2016

- Implementation of Harmonized LLQP
- Application of exam validity control mechanisms

Milestones and next steps

- On track for Jan. 2016 implementation
- Opportunities for discussion
 - Proposed stakeholder meetings

Recognition process

- Documents available
 - Criteria, form and Licence Agreement;
 - Detailed plans;
 - Model chapters;
 - Table of contents will be made available shortly
- Expectations regarding applications
 - High level course outlines to confirm contents covered
 - Confirmation of using table of contents or explanations regarding changes to that structure

Roll-out of exam preparation material

- Staggered publication
 - Modules released when ready in both French and English;
 - Anticipated order of publication:
Life insurance and Taxation booklet (ready now);
Ethics, A&S and Seg. funds in late March;
 - Final module ready by end of March, as planned.

Licence Fee

- Based on number of forecasted candidates and final development costs
- Formula is known, but some of the parameters remain to be confirmed over time
- Maximum \$140, but contemplating an amount under \$100

Exam validity control mechanisms

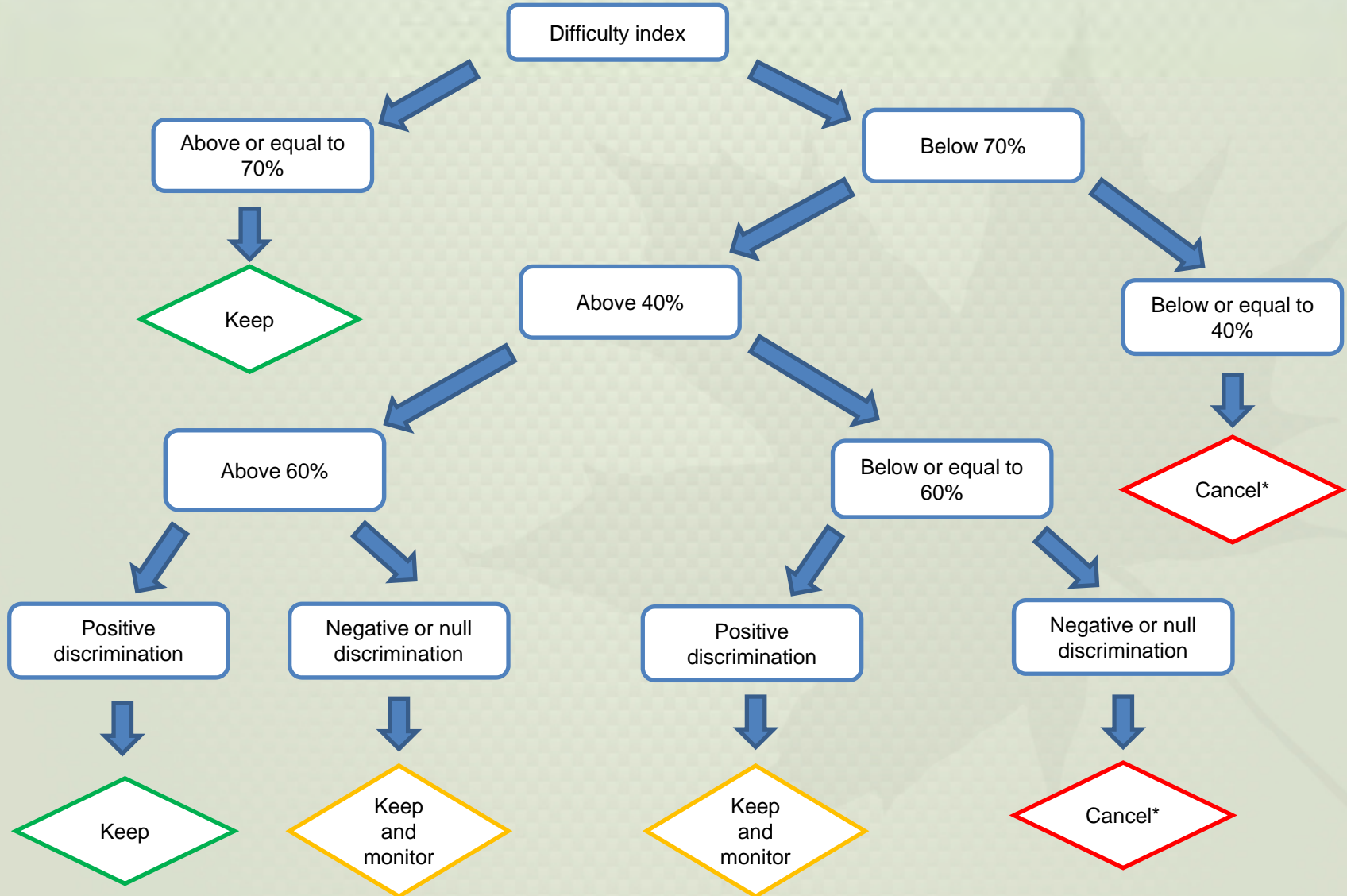
- Objective: to ensure well-prepared candidates who have mastered all evaluated competencies pass all modules.
- 3 control mechanisms:
 - Rigorous development process;
 - Statistical control of exam validity and level of difficulty (transitional and ongoing);
 - On-going qualitative monitoring.

Control mechanisms (cont.)

- Criteria to apply transitional statistical controls:
 - Module pass rate below 70%;
 - Less than 300 responses/question;
 - Average pass rate of 70% maintained for less than 4 consecutive weeks.
- Basis for control:
 - Difficulty index;
 - Discrimination index.

Control mechanisms (cont.)

- Benchmarks for difficulty index:
 - Questions passed by 70% or more = kept;
 - Questions passed by 40% or less = cancelled and replaced.
- Benchmarks for discrimination index (difficulty between 40 and 70%):
 - Questions with positive index = kept
 - Questions with negative index = cancelled and replaced;
 - Questions with a null index = kept and monitored.



Control mechanisms (cont.)

- Additional criteria for cancellation:
 - M&E specialist discretion, especially for borderline cases;
 - Reliability of data – validation of representativity.
- Result of statistical control:
 - Exclusion of unduly difficult questions;
 - Exclusion of questions unable to discriminate between candidates that are well-prepared and those that are not.

Control mechanisms (cont.)

- Practical considerations
 - Passing grade adjusted based on number of questions included (never above 60%);
 - Points obtained for invalid questions considered in total score;
 - Time required to process control mechanisms.
- Example
 - Candidate obtained a score of 14/25 (failing grade) but successfully answered a question later deemed invalid and cancelled;
 - Revised score becomes 14/24 (passing grade because closest score equal to or lower than 60%).

Control mechanisms (cont.)

- Ongoing monitoring:
 - Quantitative through statistical analysis;
 - Qualitative through candidate and stakeholder comments and suggestions.
- Result of ongoing monitoring:
 - Replacement or improvement of questions with measurable weaknesses;
 - Replacement or improvement of questions with qualitative weaknesses.

Transition

- Governance Committee has reviewed transition issues and has developed a suggested approach
- Feedback requested in weeks to come to allow for CISRO presentation and final approval in April

Transition (cont'd)

- Historical perspective- original LLQP
 - Change from multi-level licensing to single-level
 - Significant change in breadth of curriculum for entry level
 - Transition – arbitrary solution - reduction of pass score until impact was measurable
- Current context
 - Updated Curriculum – but similar in breadth
 - Added e-capacity for monitoring to allow for scientific solution to transition
 - Exam validity controls outlined earlier

Transition (cont'd)

- Course/exam choices in late 2015
 - Once we have harmonized courses available, candidates would have a choice of paths
 - Current course/exam approach, with known deadline
 - Harmonized course:
 - If certified before the new exam is ready, would be able to challenge existing exam based on current rewrite rules until deadline
 - If unsuccessful, would be able to challenge new exam with reset rewrite rules, i.e. first new exam will be treated as first attempt

Transition - Quebec

- Quebec transition will be different context with reduction in number of modules
- AMF will be developing module recognition criteria to facilitate transition



Thank you!