

**Briefing Document On Agenda Item 4(a):  
Regulator Request For Further CAFII Action Supporting LLQP Modernization  
June 19, 2014 CAFII EOC Meeting**

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- Six of the 8 stakeholder groups that have participated in one-on-one stakeholder meetings with CISRO's LLQP Committee are supportive of the LLQP modernization effort, but two of them (Primerica, an insurance company, and Oliver's, an LLQP course provider) are very opposed and have combined forces in a national lobbying campaign designed to undermine CISRO's efforts to bring in a nationally harmonized, modular-based life agent qualification program.
- Those two organizations have launched a multi-faceted, multi-media campaign called "Community Life Insurance Workers and Educators" ([www.communitylifeinsurance.ca](http://www.communitylifeinsurance.ca)) Given that the AMF/Quebec has been an educational resource expert and leader in the current LLQP modernization work, Primerica and Oliver's have set up Quebec up as the "bogeyman" in their lobbying campaign:
  - they've taken out full page ads in daily newspapers in mid-sized cities in Newfoundland, BC, Saskatchewan, and Ontario, at a minimum. The ads use a catchphrase along the lines of "You Wouldn't Treat Foresters/Farmers/Fishermen This Way" (depending upon the province). The campaign also uses letters to the editor and blog posts.
  - Primerica is getting its individual agents to lobby their local MLAs hard on this issue in a concerted grassroots effort. There is a full court press happening in Ontario right now during the provincial election campaign, and they are trying to cultivate all-party support so that their issue and messaging will live on regardless of which party forms the next Government. Primerica also arranged for the State of Georgia (where its corporate office is located) to file a grievance against Canada under NAFTA about the LLQP modernization. (But a grievance can only be investigated once a "harm" has actually occurred.)
  - On Wednesday, June 4, CAFII representatives Sue Manson and Brendan Wycks attended an Economic Club of Canada luncheon presentation in Toronto on "The Underinsured Market in Canada" by co-presenters Richard Hekeler, Assistant Vice-President & Director of Custom Research at LIMRA/LOMA, and Laura Dawson, PhD, President of Dawson Strategic.

While the LIMRA component of the presentation was an objective overview of recent industry research findings, it was in some respects a customized, even co-opted presentation, in support of the premises that there is a huge under-insurance issue in Canada and there is a significant channel preference for dealing in-person with an insurance agent/advisor/broker.

Ms. Dawson's ensuing part of the presentation was unequivocally a polemical, propaganda presentation of "commissioned research." Ms. Dawson highlighted from her recent research paper "Market Barriers and the Proposed Changes to the Life Agent Licensing System in Canada: A Commissioned Report For Primerica Canada By Dawson Strategic."

Ms. Dawson's key messages, delivered in both the research paper and her presentation, are:

-Insurance is a necessity/staple product, not a luxury, but the level of underinsurance across the country is getting worse because of declining numbers of agents. "I study the public policy impact of decisions made by regulators, and they shouldn't be making it harder for Canadians to buy insurance."

-The proposed new nationally harmonized LLQP is onerous, expensive, and has no clear benefits. The new program is a solution looking for a problem. An analysis of enforcement actions by provincial insurance regulators from 2008-13 shows that there is no problem here that needs to be addressed by introducing a new program that raises the bar for qualification.

-The new program is going to reduce the number of successful LLQP writers and drive up entry costs due to exam re-take fees. When you change the structure of the exam by breaking it up into a series of discreet modules (each of which has to be passed with a 60% mark), you increase the odds of getting "False Fails" and you reduce the exam's overall reliability as a measure of knowledge/competence. (Source for this, cited in the research paper, is Dr. Edwin Weinstein, President of the Brondesbury Group, an independent consulting firm specializing in financial services included related credentialing. His PhD is in measurement and evaluation. Dr. Weinstein was in attendance at the Economic Club luncheon and asked a question to add independent, third party cachet to Dr. Dawson's skewering of the modular exam approach.)

-While in general, harmonization is good, this particular change is not something we need. Harmonizing the common law provinces to the Quebec model is a false economy and not "least disruptive to trade" as required under the Agreement on Internal Trade (AIT).

-Moving forward with the proposed nationally harmonized LLQP could put Canada off-side its international trade obligations. Under NAFTA, when Canada – arbitrarily and without due process consultation -- changes the conditions of competition for an American or Mexican company operating in this country, then the changes can be subject to a NAFTA challenge. The signatories to the Agreement have the right to "regulate in the public interest" but that has to be balanced against "were appropriate analyses and steps taken?", "were stakeholders adequately consulted?," etc.

- While very appreciative of CAFII's February 2014 letter of support for CISRO's LLQP harmonization effort, which has been shared with relevant Ministers across the country, Gerry Matier, Executive Director of the Insurance Council of BC and a member of CISRO's LLQP Committee, suggested that CAFII take further key action in support of the LLQP modernization. Given that Primerica is aggressively trying to lay exclusive claim to serving "The Underserved Market" in its lobbying messages to legislators, Gerry suggested that CAFII take measures to present a more accurate and balanced view.