

February 21, 2014

Mr. Ron Fullan  
Chair, Life Licence Qualification Program Committee  
Canadian Insurance Services Regulatory Organizations  
c/o Insurance Councils of Saskatchewan  
Suite 310 – 2631 28<sup>th</sup> Avenue  
Regina, Saskatchewan  
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Dear Mr. Fullan:

As Board Chair of the Canadian Association of Financial Institutions in Insurance, I'm pleased to communicate our Association's support for the Life Licence Qualification Program (LLQP) review and modernization effort being led by CISRO's LLQP Committee; and to outline our views on a number of other interprovincial harmonization issues germane to CISRO.

CAFII believes that, after more than a decade of experience with the current, first iteration of the LLQP, a modernization initiative was both necessary and timely.

We fully endorse the direction that the modernization effort is taking. We congratulate your committee on the significant progress it has made to date. And, in particular, we thank you for the open, transparent, and consultative process you have followed at every step along the way. We appreciate the pains you have taken to obtain stakeholder input.

CAFII has felt very involved and consulted throughout the project to date, through such channels as

- the Occupational Analysis Workshops conducted across the country;
- the opportunity to review and provide feedback on the Curriculum Design Document; and
- the quarterly, face-to-face Stakeholder Information Sessions you've held; and
- the one-on-one stakeholder group meetings with the committee recently held in Toronto.

CAFII endorses the modular (four) approach that the committee is pursuing in modernizing the LLQP. We believe that a modular approach will provide certain advantages to candidates pursuing a life licence and, in turn, to their employers as well.

We do not believe that a new, modular LLQP will make it harder for candidates to qualify or take much more time to get through. With respect to first-time writer pass rates, they should improve somewhat as candidates can be more targeted in their studying and preparation for the modular, multiple choice question exams.

### ***Importance of Labour Mobility and Mutual Recognition of Licenses in Insurance***

Insurance companies are increasingly using direct channels such as the internet and client contact centres to sell coverage in all jurisdictions. Currently, for individual life insurance, contact centres employ LLQP-trained agents, each of whom must hold licenses from all jurisdictions serviced by the centre, typically 13 different licences. Similarly for home and auto, contact centres employ agents who hold P&C licenses in all jurisdictions.

It is administratively very costly and cumbersome to have to manage licensing for 13 separate jurisdictions (including separate background checks; monitoring expiry dates for each jurisdiction; completion of forms; compliance with multiple continuing education, errors and omissions insurance, and notification requirements).

CAFII would like the regulatory model to recognize the importance of the telemarketing channel and alleviate the unnecessary burden imposed by multi-jurisdictional licensing.

The reality of client contact centre operations is that customers may contact a centre several times over the course of a transaction -- to ask questions, complete the transaction, or to change coverage. In each case, if the answering agent is not licensed for the jurisdiction of the caller, the call must be transferred and queued for the appropriate agent, even though the answering agent would be fully competent to handle the caller's needs. This cannot be considered quality customer service.

It is also costly and time-consuming to handle compliance with the requirements of multiple jurisdictions. Businesses have not been able to achieve the growth in these channels that customer demand warrants, for reasons directly related to multi-jurisdictional licensing challenges.

The current situation also poses risks to agents and companies in navigating the system, mainly through the possibility of errors and inadvertent non-compliance.

Ideally, if an agent is duly licensed in one jurisdiction, that license should be recognized by other Canadian jurisdictions under a system of mutual recognition, with no further local requirements imposed, other than registration and fee payments.

Making this change will better align with the Agreement on Internal Trade, which stipulates that individuals with recognized skills and qualifications should be able to work in their field in any jurisdiction in Canada, without undue impediment. In addition, the increasing use of electronic commerce, in all sectors of the insurance industry, has made physical location increasingly unimportant.

### ***Importance of a National Online System for Licensing***

In the life sector of the industry, the Life Licence Qualification Program (LLQP) has harmonized entry-level proficiency requirements for agents in all common law provinces; and the current LLQP modernization initiative will bring Quebec into the fold in 2015.

As a further comment on interprovincial harmonization and multi-jurisdictional licensing, CAFII strongly encourages all provinces and territories to join in on the Canadian Insurance Participant Registry (CIPR) initiative being led and rolled out by the Alberta Insurance Council. As an online system for licensing intended to be national in scope, the CIPR is an encouraging start on addressing a critical need that CAFII has been highlighting for years.

### ***Mandatory Continuing Education***

CAFII supports the view that mandatory continuing education is a key component of industry professionalism and consumer protection. There is widespread recognition among nearly all professions and licensure bodies that continuing professional development – an embodiment of commitment to career-long learning – is essential to maintaining both the integrity of a profession and its credibility with the public.

Six provinces (British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec) currently mandate continuing professional development for life agents.

However, for the reasons outlined above, it is CAFII's position that continuing education requirements **must** be harmonized across the country. For a number of years, we've been encouraging all provinces to take the optimal approach and harmonize.

### ***Probationary Licensing and Supervision***

The objective of the LLQP is to require that all life agents meet prescribed proficiency requirements before they begin interacting with consumers. Given the rigorous entry-level education and examination standards of the LLQP, CAFII firmly believes that a probationary period for life agents is not warranted.

With respect to the life sector of the industry, four provinces (British Columbia, Saskatchewan, Manitoba and Quebec) currently require that new life agents be supervised, with the duration and nature of the mandated supervision varying considerably.

It's important to note that in the life sector, the insurer is responsible for the sale of its products and therefore must monitor the performance, competence, and overall suitability of its agents on an ongoing basis. Guideline G8 of the Canadian Life and Health Insurance Association, to which all CAFII members also belong, stipulates that agent suitability includes compliance with regulatory requirements and using acceptable sales practices.

CAFII therefore submits that the risk-based, self-regulatory monitoring of agents required under CLHIA Guideline G8 makes mandatory supervision of new life agents unnecessary.

### ***Conclusion***

Thank you again, Ron, for the leadership, foresight, and determination that you and the other members of the CISRO LLQP Committee have shown in your LLQP modernization work. We wish you God Speed towards further success, completion of the project, and a timely launch of the new program. And we look forward to the important impact that a fully harmonized, national LLQP can and should have on other aspects of insurance licensing and regulation.

Yours sincerely,

Mark Cummings, Chair  
Canadian Association of Financial Institutions in Insurance