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Bulletin

No. LH-02/96

- Life & Health

Continuing Education Requirement for Life Insurance Agents

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To the attention of all insurance companies licensed to transact life insurance in Ontario

As a follow-up to our March 14, 1995 bulletin, "Implementation Plan for Life Agent Reform," the Ontario Insurance Commission (OIC) is reiterating and elaborating on the continuing education (CE) requirement for life agents.

This requirement is a key component of the Life Agent Reform initiative and **came into effect on February 1, 1995** (see OIC Bulletins No. 27/94 and No. LH-1/95 - Life and Health). Under this requirement, each Level I and Level II life agent licensed in Ontario (resident and nonresident) is required to:

- complete 30 hours of CE every two years; and
- Keep a proper record of this training for possible review by the OIC. (An explanation of proper record keeping can be found elsewhere in this Bulletin.)

Hours of CE taken beyond the minimum requirement within any period of time may not be used to meet the CE requirement for subsequent periods. These hours represent the time that a person actually spends attending a course or program. In the case of correspondence programs, the time that will be recognized as meeting the CE requirement is number of hours that the course provider indicates, beforehand, that the course or program would take to complete. Time spent in self-study of life insurance, such as reading newspapers, trade journals or

discussion with colleagues, does not qualify.

For the sake of simplicity, the term "agents" in this Bulletin refers to Level I and Level II life agents (resident and nonresident).

Compliance Reporting

In response to suggestions made to the OIC, the CE requirement will be applied as follows:

- The "clock" started on February 1, 1995 for agents licensed on that date. If an agent became licensed after February 1, 1995, the "clock" started on the date the licence was issued.
- Reporting of compliance with the CE requirement will be integrated with licence renewals, commencing with the agent's **first licence renewal on or after February 1, 1997**.
- To ensure fairness during the initial reporting period, the requirement to complete 30 hours of CE every two years will be prorated at the rate of **1.25 hours per complete month that an agent is licensed during the period from February 1, 1995 to the date of the first licence renewal on or after February 1, 1997**.

e.g.: An agent first licensed on March 5, 1995, and renewing his or her licence on May 18, 1997, would be required to report that he/she has completed 32.5 hours of CE (1.25 x 26 complete months).

e.g.: An agent licensed on February 1, 1995, and renewing his/her licence on August 15, 1998 would be required to report that he/she has completed 52.5 hours of CE (1.25 x 42 complete months).

e.g.: An agent licensed on February 1, 1995, and renewing his/her licence on March 4, 1997 would be required to report that he/she has completed 31.25 hours of CE (1.25 x 25 complete months).
- After the initial renewal, each licence has a two-year term, and hence subsequent reporting will require the life agent to complete 30 hours of CE during that period.

Each agent is required to keep accurate records of courses or programs taken for the current and immediately preceding licensing periods. He or she should obtain, from the course or program provider, a receipt or similar document verifying attendance or completion of a course or program of a specified number of hours. The OIC may require an agent to submit these records.

Records must include the:

- name of the course provider;
- name of the course/program;
- course/program outline;
- date/duration of the course/program;
- final mark achieved in the course/program, if tests were held; and
- number of CE hours being claimed for meeting the CE requirement.

No agent can claim CE credit hours for a course/program that he/she was registered for but did not attend. Hours spent on courses that an agent fails also can not count for credit.

CE will assist agents, as professional financial advisers, in providing the highest level of service to their customers.

The CE requirement sets a minimum standard of knowledge for agents in Ontario. CE is required by regulation, and failure to meet the CE requirement will be subject to the consequences and processes governing agents.

What topics qualify as meeting the CE requirement

Continuing education **must be related to the technical aspects of life insurance**. Education related to improving production or sales techniques cannot be included to meet the CE requirement. (The *Insurance Act* defines life insurance to include accidental death insurance, disability insurance, and annuities.)

Examples of topics that are considered "technical" for this purpose include legal, legislative and regulatory matters, fundamentals/principles of life insurance, financial planning, taxation, client needs analysis, proper use of life insurance products, rating/underwriting/claims, accounting and actuarial considerations, risk management principles, and provisions and differences in policy contracts.

Examples of topics that the OIC does **not** consider related to the technical aspects of life insurance include motivation, consumer psychology, salesmanship, health/stress/exercise, recruiting, office skills, telephone techniques, computer training, management training, and training on specific products offered by a company.

The OIC may review the content of courses or programs in the event of complaints or other information received. In

that event, notice will be provided of the specific courses or programs that are considered not acceptable to the OIC for CE credit. It is not the intention of the OIC to disallow credit for courses that agents take in good faith prior to any future OIC notice stating that a particular course was found not related to the technical aspects of life insurance.

Acceptable courses, programs and providers

The OIC **does not approve, recommend, or endorse specific courses, programs, or providers.**

CE can be acquired in a number of ways.

- Insurance companies provide seminars and educational programs for agents.
- Associations such as the Life Underwriters Association of Canada (LUAC) and the Life Office Management Association (LOMA) sponsor courses and hold conferences.
- Universities and community colleges include courses for agents in their offerings.
- Professional insurance course providers organize professional development programs for agents.
- "Distance education" schools offer correspondence courses in life insurance.

This list is by no means exhaustive.

'Points to note' for course providers

Providers who offer courses or programs that are designed to meet the CE requirement for agents, should ensure that such courses are related to the technical aspects of life insurance. The OIC recommends that providers publish, in their advertisements, the number of hours in their particular courses or programs that cover the technical aspects of life insurance.

Agents will require a document verifying completion of the number of hours they have spent that count toward meeting the CE requirement. By maintaining course records for a period of four years, course providers will be able to assist agents by responding to their inquiries.

Inquiries on the CE requirement

Insurers' head office licensing department representatives who require clarification on any aspect of the CE

requirement should contact the OIC's Agents and Adjusters Section. The OIC will be sending a copy of this Bulletin to the licensing department representatives, along with a reminder note about the procedure for accessing the special "sponsoring company voice mail box" that the OIC has installed for their exclusive use.

Insurance companies are requested to communicate the contents of this Bulletin to all life agents whom they sponsor and in response to any inquiries on the subject from the Level II agents with whom they have contracts.

Insurers are reminded that the OIC refers all agents and branch managers to their head office licensing departments for responses to their inquiries. This includes inquiries about CE and the CE requirement. Therefore, agents and branch managers who call the Agents and Adjusters' information line, accessible by dialing (416) 250-9209 or 1 800 263-0541 from outside Metropolitan Toronto, will be referred to their companies' licensing departments.

The OIC will be reminding all agents of the CE requirement through its licence renewal notices.

Grant Swanson

Acting Superintendent of Insurance

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Financial Services Commission of Ontario
5160 Yonge Street
Toronto, ON M2N 6L9
1-800-668-0128
(416) 250-7250

